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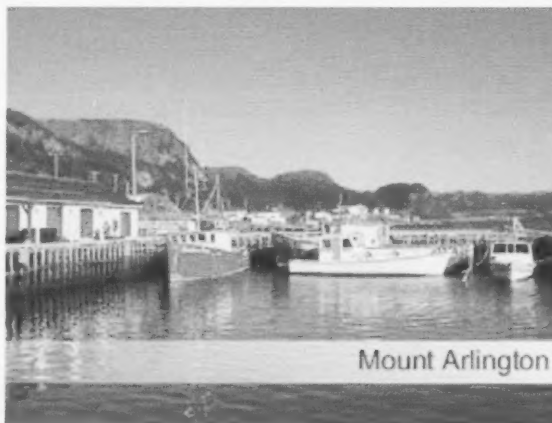
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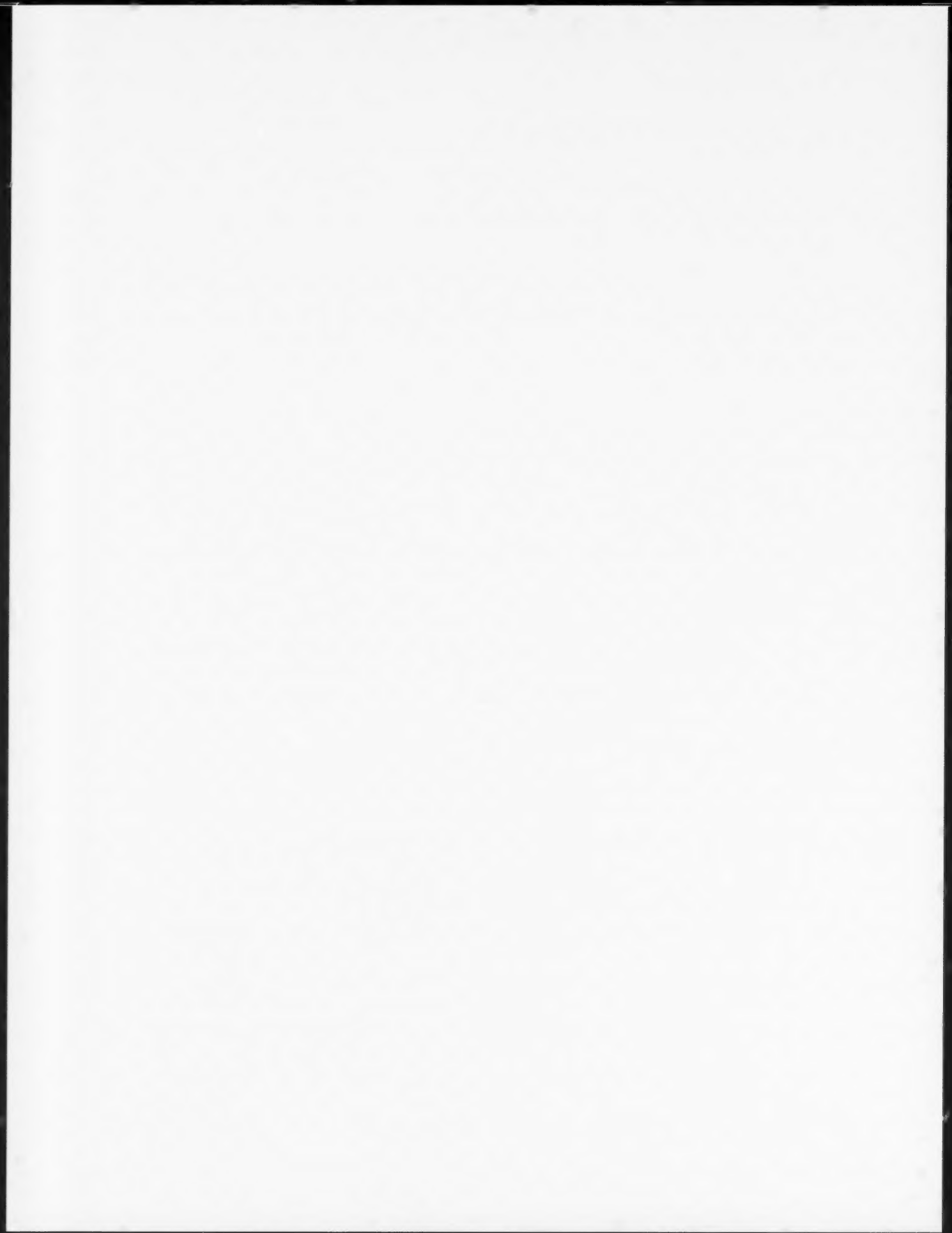
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Mount Arlington Heights



  
Newfoundland  
Labrador



## Highlights and Expectations

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### 2012 Highlights

- Real Gross Domestic Product (GDP) declined by 0.4% as a decline in exports offset gains in investment and consumption.
- Real exports are estimated to have declined by 3.7% due primarily to lower oil production.
- Investment increased by 33.0% to \$10.0 billion mainly as a result of the continued development of major projects.
- Consumer spending was strong with the value of retail sales increasing by 4.8% compared to 2011.
- Employment grew by 2.3% to reach a new record high of 230,500. Employment growth was the second highest (after Alberta) among the provinces.
- The unemployment rate declined by 0.2 percentage points to 12.5%, the lowest rate in at least 37 years.
- Average weekly earnings increased by 5.4% to \$929, 3.5% above the Canadian average.
- Personal income rose by 7.0% in 2012 to over \$20 billion.
- The population of the province on July 1, 2012 was 512,659, virtually unchanged from one year earlier.
- Consumer prices in Newfoundland and Labrador rose 2.1% in 2012.
- Offshore oil production totalled 72.2 million barrels, a decrease of 25.8% relative to 2011, due to maintenance downtime at all three projects. The value of oil production decreased by 24.1% to \$8.1 billion.
- The value of provincial manufacturing shipments increased 32.0% to about \$7.3 billion mainly due to higher production of refined petroleum products.
- Fish landings were down 6.2% to 251,952 tonnes compared to 2011, while landed value decreased 6.3% to \$575 million, the result of lower landings and lower prices for some species, particularly snow crab.
- Aquaculture production increased 23.0% to 21,228 tonnes. This increase was driven by the continued growth of the salmonid sector and a rejuvenated mussel sector. The corresponding market value decreased 6.0% to \$113 million as salmon prices fell.
- Paper product shipments increased 4.4% to approximately 246,600 tonnes reflecting, in part, less maintenance-related downtime. The estimated value of paper products increased over 5%.
- The value of mineral shipments decreased 16% to about \$3.8 billion the result of lower prices for several minerals, particularly iron ore.
- Mineral exploration expenditures increased to an estimated \$194 million from the \$157 million recorded in 2011 and was the highest level ever recorded.
- The construction industry benefitted from record investment, employment and wages in 2012. Employment reached 19,800, the highest level ever posted and average weekly earnings were the third highest among provinces at \$1,139.
- Housing starts increased by 11.4% to 3,885 units, the highest figure in 36 years. The number of MLS® sales increased by 3.8% and the average price increased 6.8% setting a new high of \$268,776.
- The number of travel and tourism visitors to the province grew by an estimated 9.9% to 504,400 on the strength of increases in the number of air and cruise visitors.
- The Muskrat Falls hydro-electric project was officially sanctioned in December.
- Development activities associated with the Hebron oil project continued and the project was sanctioned in December.

### 2013 Expectations

- Real GDP is expected to increase by 6.8% as increased exports, investment and consumption more than offset a decline in government spending.
- The real value of exports is expected to rise by 6.0% as oil production rebounds from maintenance-related downtime in 2012 and iron ore production increases in line with new capacity.
- Employment is expected to grow by 2.8% and the unemployment rate is expected to decline to 11.5%.
- Personal income and disposable income are expected to grow by 7.3% and 7.1%, respectively, driven by employment growth and wage gains.
- Retail sales are expected to increase by 4.2% driven mainly by income growth.
- The province's population is expected to increase by 0.3%, mainly due to net in-migration.
- Capital investment is expected to rise by 17.4% to \$11.8 billion, driven by the continued advancement of major projects such as Muskrat Falls, the Hebron development, and Vale's nickel processing facility.
- Capital expenditures associated with offshore oil development are expected to be about \$4.7 billion, up over 80% from 2012, due primarily to a ramp up in Hebron construction.
- Oil production is expected to increase by 16.9% to 84.4 million barrels due to increased production at all three projects, reflecting a return to steady-state operations after extended maintenance shutdowns in 2012.
- The value of mineral shipments is expected to increase about 23% to \$4.7 billion, reflecting primarily higher iron ore production.
- Mineral exploration expenditures are expected to increase almost 10% to \$213 million.
- The value of manufactured products is expected to increase mainly due to first production of nickel from Long Harbour.
- Paper product shipments are expected to decline slightly to about 245,000 tonnes and newsprint prices are expected to be lower.
- The Conference Board of Canada predicts that total overnight tourist visits to the province will increase by 1.4%.
- Fish landings are expected to remain on par with 2012, as anticipated quota reductions in some fisheries (such as snow crab and cold-water shrimp) may be offset by increases in other fisheries.
- Aquaculture production is expected to rise again in 2013, due to expansion in the salmonid sector.
- The residential real estate market is expected to remain at elevated levels of activity.
- Housing starts are expected to decline to 3,520 units, down from 3,885 in 2012 but still high in a historical context.
- The Canadian Real Estate Association forecasts 2013 sales to decrease by 1.1% to 4,600. The residential resale price is expected to average \$276,400. If realized, this would be an increase of 2.8% from 2012.
- Development of the Muskrat Falls project will ramp up with increases in expenditures and employment.
- Construction of the Hebron GBS will continue and construction of two topsides modules is expected to commence in the province.



## Global Economic Environment

### World

Lacklustre growth in developed countries and slowing growth in developing countries were the common themes for 2012. The sovereign debt crisis in Europe and policy uncertainty in the U.S. constrained investment and hiring in those regions. Weakness in advanced economies weighed heavily in the developing world, causing demand for manufactured goods to wane and economic growth to slow.

Globally, the International Monetary Fund (IMF) estimated real GDP growth at 3.2% in 2012 and is forecasting 3.5% growth in 2013 (see table).

The softening in economic growth impacted commodities last year. Monthly Brent crude oil prices, the benchmark for globally traded oil, peaked at US\$125.45/barrel in March 2012 and fell to US\$110.80/barrel by year end, even with civil unrest in Syria and Israeli-Iranian tensions on the rise in the Middle East. For the year, Brent crude averaged US\$111.63/barrel, virtually unchanged from 2011. Iron ore spot prices were also volatile in 2012 but trended upward during the last part of the year. Average iron ore prices for 2012 were about 24% below 2011 levels. Likewise, the Bank of Canada's commodity price index was down 5.7% for the year, with the biggest drops coming in energy (-9.4%) and metals and minerals (-3.9%) prices.

### Europe

Since 2010 the euro area has been battling a sovereign debt crisis. After Greece announced in late 2009 that deficit estimates would be double previous projections the country's borrowing costs soared. Increased debt burdens across Europe (from stimulus measures to counteract the recession) and soft economic growth fuelled investor trepidation and increased the cost of borrowing to other countries. Bailouts facilitated by the European Commission (EC), European Central Bank (ECB) and IMF had to be arranged for Greece, Ireland and Portugal—a bailout of Spain is still possible.

In response to the rising borrowing costs and growing debt burdens most European countries

#### GDP Growth (%)

	2011	2012e	2013f
<b>World</b>	<b>3.9</b>	<b>3.2</b>	<b>3.5</b>
Brazil	2.7	1.0	3.5
Russia	4.3	3.6	3.7
India	7.9	4.5	5.9
China	9.3	7.8	8.2
Japan	-0.6	2.0	1.2
<b>Canada</b>	<b>2.6</b>	<b>1.8</b>	<b>1.7</b>
<b>United States</b>	<b>1.8</b>	<b>2.2</b>	<b>1.9</b>
European Union	1.6	-0.2	0.2
United Kingdom	0.9	-0.2	1.0
Euro Area	1.4	-0.4	-0.2
Germany	3.1	0.9	0.6
France	1.7	0.2	0.3
Spain	0.4	-1.4	-1.5
Italy	0.4	-2.1	-1.0

e: estimate; f: forecast

Source: Canada (2011 and 2012e) – Statistics Canada; U.S. (2011 and 2012e) – Bureau of Economic Analysis; Canada (2013f) – average forecast of major Canadian banks; U.S. (2013f) Survey of Professional Forecasters, U.S. Federal Reserve Bank of Philadelphia; all other – International Monetary Fund, January 2013.



U.S. Capitol Building, Washington D.C

spent 2012 implementing austerity measures. These measures proved successful from a borrower's perspective—among the most troubled nations (Greece, Ireland, Portugal, Spain and Italy) borrowing costs between December 2011 and December 2012 dropped an average of 4.0 percentage points (ppts.), outpacing the 0.6 ppt. drop for the relatively safe haven of Germany. The growth of deficits and debt as a percent of GDP also slowed.

However, austerity has come at a steep price for Europe as it has pushed the euro area into recession and contributed to already high rates of unemployment (see chart). The euro area has experienced five consecutive quarters of negative real GDP growth, while the European Union (EU) as a whole has seen negative growth in three of the last five quarters. As of December 2012, unemployment rates in both the EU and the euro area were the highest on record, while in Spain and Greece rates surpassed 25%. Compounding these issues is growing discontent with austerity measures. In 2012 there were anti-austerity riots in Spain and Greece and the electoral defeat of pro-austerity French president Nicolas Sarkozy. This trend has continued into 2013 as Italian voters sent a disapproving assessment of austerity by electing a minority government in late February. Events such as these underscore the challenges faced by European governments trying to manage the financial crisis.

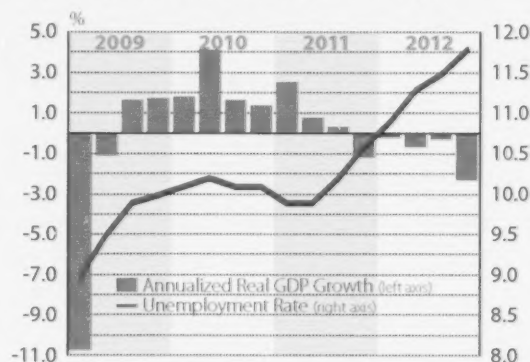
The IMF estimates the EU and euro area contracted 0.2% and 0.4% in 2012, respectively. For 2013, the IMF forecasts growth of 0.2% for the EU and a contraction of 0.2% for the euro area.

## Asia

In 2012, economic conditions in the U.S. and Europe impacted Asia's largest developing economies—China and India—although growth remained robust relative to other nations. Fiscal policy uncertainty in the U.S. and widespread austerity in Europe caused the demand for exports from China and India to wane. From the first quarter of 2011 through to the third quarter of 2012, the year-over-year growth in the value of merchandise and services exports fell from 27.1% to 4.7% in China and from 41.1% growth to a decline of 6.6% in India (see chart above). This caused a deceleration in economic activity in the two countries. The IMF estimates real GDP growth was 7.8% in China in 2012, down from 9.3% in 2011, while in India it slowed to 4.5% from 7.9%.

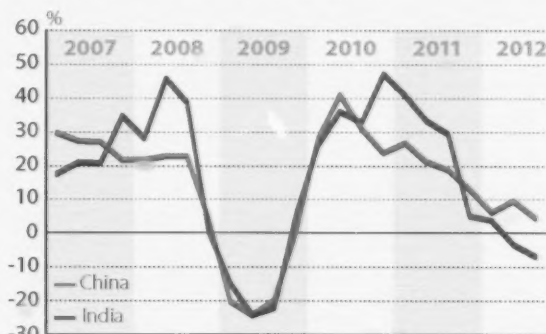
However, domestic demand and government intervention are expected to strengthen growth in 2013. In China, for example, the government approved 60 infrastructure projects worth over \$150 billion in September 2012 and committed to proactive monetary and fiscal policy in 2013. Consequently, for 2013 the IMF is forecasting real GDP growth of 8.2% in China and 5.9% in India.

**Euro Area Real GDP Growth and Unemployment Rate (Quarterly)**



Source: Eurostat

**Year-over-Year Growth in the Value of Exports in China and India**



Source: World Trade Organization

## United States

In the U.S., economic momentum slowed and then stagnated throughout 2012 (see chart) as fiscal and regulatory policy uncertainty constrained consumer spending and business investment. Real GDP growth climbed to an annualized rate of 4.1% in the fourth quarter of 2011 but then did not top 2% again until the third quarter of 2012 and came to a virtual halt in the fourth quarter at 0.1%. For the year, U.S. real GDP grew 2.2%.

Financial institutions remained unclear about future regulations while businesses and consumers were uncertain about future tax burdens and government spending. The federal government's "fiscal cliff" loomed at the end of December 2012 but these austerity measures were largely avoided at the last minute by temporary measures. A January 1, 2013 agreement between Republicans and Democrats reached a compromise on tax increases but only postponed across-the-board spending cuts until March. These cuts, called sequestration, came into effect in early March and amount to roughly \$85 billion this fiscal year. Furthermore, the U.S. is again bumping up against its debt ceiling, which led Congress to suspend the limit on federal government borrowing until May. Consequently, uncertainty remains at elevated levels in the U.S. economy and continues to detract from efforts to accelerate economic and job growth. Although the unemployment rate fell below 8% in September for the first time in over three years (and has remained there through February 2013), employment growth has barely kept pace with population growth. The employment-population ratio has remained stubbornly below 59% since September 2009, after being over 60% for most of the previous 25 years.

While economic conditions remain tenuous in the United States, some encouraging trends are emerging. In particular, there is a growing resurgence in the housing sector. In December, both housing starts and building permits were at their highest levels since July 2008, and in January new home sales were also near their highest level since July 2008. In addition to these positive signs in the housing market, personal income grew 3.5% in 2012 and real consumer spending growth, at an annualized rate, hit its highest mark in over three years at 6.4% in November. Employment has risen by an average of 191,000 per month over the last three months. Even the beleaguered manufacturing industry has been showing some signs of stabilization and possible turnaround. The industry has regained about 500,000 jobs since employment bottomed out in 2010.

The latest Federal Reserve Bank of Philadelphia Survey of Professional Forecasters indicates real GDP in the U.S. is expected to grow 1.9% in 2013 and employment gains are expected to average 164,100 per month.

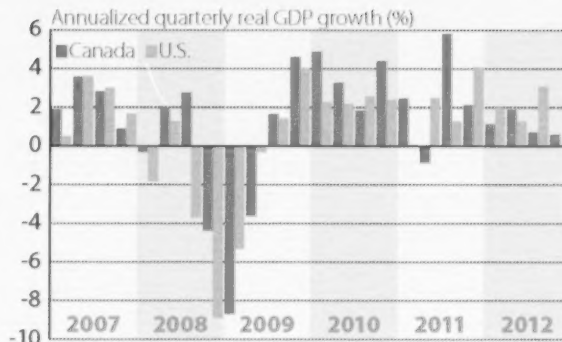
## Canada

Economic activity in Canada expanded at a faster pace than in many other major advanced economies in 2012, thanks primarily to favourable commodity market conditions early in the year and easier credit availability. However, growth slowed during the second half of 2012 (see chart), dropping from an annualized rate of 1.9% in the second quarter of 2012 to 0.6% in the fourth quarter. Weaker inventory and government investment in the second half of the year contributed to the disappointing performance but the main reason was weak export growth.

Exports have been slow to recover from the historical high prior to the 2008/09 recession (see chart). In fact, the recent recovery has been slower than any previous recovery following a downturn since at least 1981. This reflects Canada's reliance on the United States, the destination for well over 70% of Canadian exports. It also reflects the strong Canadian dollar in recent years, which has made Canadian goods more expensive for foreign consumers.

The Canadian dollar averaged 100.0 cents US in 2012, down slightly from an average of 101.1 cents US the previous year. Favourable commodity markets (especially high oil prices), easier credit availability, a bullish

## Quarterly GDP Growth



Source: U.S. Bureau of Economic Analysis; Statistics Canada

housing market, and a high bond rating all combined to keep the loonie near parity with the US dollar over the last two years. Though the Canadian dollar remained steady going into 2013, growing concerns about lower oil prices, the housing market and weak exports finally began to put downward pressure on the currency in mid-February. It reached an eight month low of 96.96 cents US in early March.

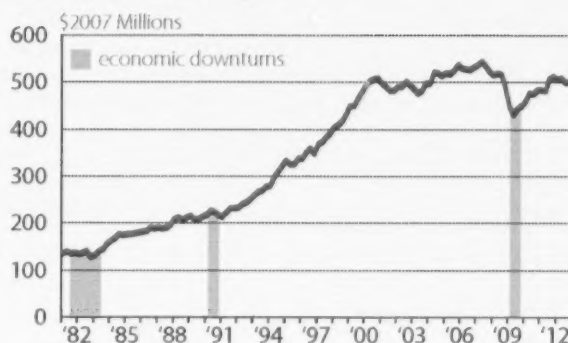
Canadian real GDP grew 1.8% in 2012. Provincially, the Prairie provinces posted the strongest GDP performance last year (see chart) while Newfoundland and Labrador posted the lowest as growth was negatively impacted by lower oil production.

Canadian labour market performance was solid in 2012. Employment in Canada increased by 201,500 (+1.2%) in 2012, while the labour force increased by 176,700 (+0.9%). As a result, the unemployment rate fell from 7.4% in 2011 to 7.2%. On a provincial basis, the strongest employment growth occurred in Alberta (2.7%), Newfoundland and Labrador (2.3%) and Saskatchewan (2.1%). Canadian wages also increased last year, with weekly earnings averaging \$897 for the year, up 2.5% from 2011.

Real GDP in Canada is expected to grow 1.7% in 2013, according to an average estimate of forecasters, while employment is expected to increase 1.3%. Among provinces, Newfoundland and Labrador (+3.4%) is expected to see the most robust real GDP growth followed by the Prairie provinces of Saskatchewan (+2.8%) and Alberta (+2.7%). The lowest GDP growth is expected to occur in Quebec and New Brunswick (both at 1.4%). Saskatchewan is expected to lead the country in employment growth (+1.9%) this year.

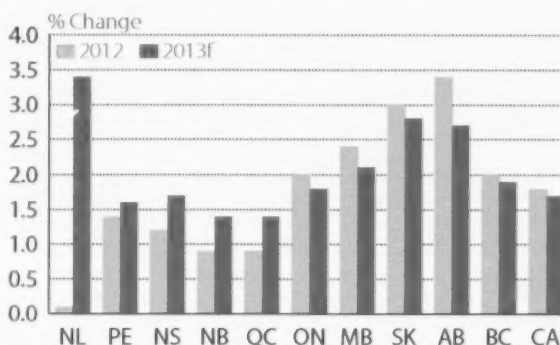
Canada remains exposed to the global economy, especially to any downturn that pushes down commodity prices, as occurred during the last three quarters of 2012. The main external risks pertain to a further escalation of the euro area debt crisis and the fiscal uncertainty in the U.S., especially related to potential spending cuts. On the domestic side, a sharp or sustained decline in housing prices could seriously set back a visibly leveraged household sector, which would impact consumer expenditures. Household debt in Canada, as a per cent of disposable income, reached 167.1% in the fourth quarter of 2012, the highest rate since at least 1990 (see chart). On the positive side, the

## Real Canadian Exports



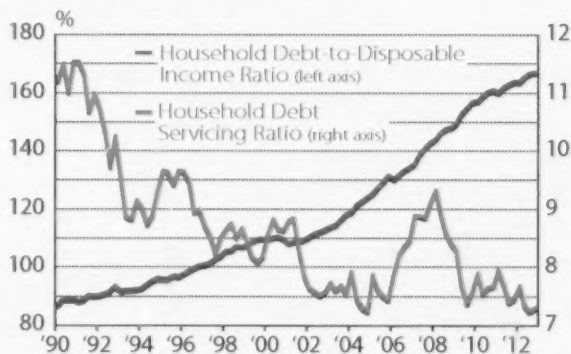
Source: Statistics Canada

## GDP Growth



Source: Statistics Canada (2012 Canada), all others are based on an average of the major banks and Conference Board of Canada

## Canadian Household Debt Indicators



Source: Statistics Canada



household debt servicing ratio—the ratio of debt payments to disposable income—has been on a downward trajectory since 2008, which is a function of both rising incomes and falling borrowing costs. However, this trend is highly sensitive to changes in interest rates.

## Provincial Economic Overview

Economic conditions in Newfoundland and Labrador were robust throughout 2012. The development of major projects increased investment spending to record levels, generating employment throughout the province and raising consumer spending. The strong investment and consumer spending, boosted provincial domestic demand by 10.5%. However, real GDP declined slightly, (-0.4%) due to a decline in exports stemming from maintenance shutdowns in the oil industry. A table of selected economic indicators for the province is contained on the next page.

Capital investment totaled \$10.0 billion in 2012, a 33.0% increase over 2011. Continued development of major projects underpinned this growth. Vale's nickel processing facility in Long Harbour was the single largest contributor to investment in 2012, with an estimated \$1.2 billion spent. Advancement of projects in the oil, mining and hydro-electric sectors, as well as solid commercial and residential expenditures, also contributed to high levels of investment spending. Housing starts totaled 3,885, the highest level in 36 years.

Consumer spending was strong last year with the value of retail sales increasing by 4.8% compared to 2011. While gains were recorded in most sales categories, the growth in retail sales was largely attributed to strong car sales. Over 33,600 new cars were sold in the province in 2012, 9.1% more than in 2011 (see chart). New car sales posted the highest number ever recorded in the province, surpassing the previous high registered in 2010. Employment and wage gains, combined with high levels of consumer confidence and low interest rates, continue to support consumer spending.

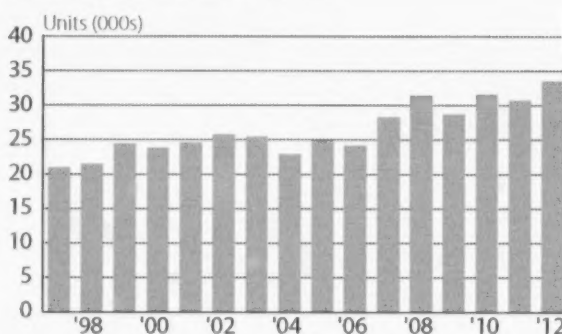
Exports had a dampening effect on GDP growth in 2012. Total exports (in real terms) are estimated to have declined by 3.7% due primarily to lower oil production resulting from maintenance shutdowns at the Hibernia, Terra Nova and White Rose projects (see *Oil and Gas* for more details). Exports of iron ore and refined petroleum saw significant increases while more modest growth was reported in newsprint. Exports of fish products declined.

### Labour Market

Labour market performance in 2012 continued to be strong. Employment increased by 2.3% to a record high of 230,500. Employment growth in Newfoundland and Labrador was the second highest among provinces after Alberta. Job gains were concentrated in full-time employment. The strength in the labour market was driven in large part by major project development activity in the resource sector and related spin-offs.

Growth in employment and increasing wages enticed more people to participate in the labour market, reflected in a 1.4 percentage point increase in the participation rate in 2012. This resulted in a 2.1% increase in the labour force. The unemployment rate declined slightly as employment gains offset the increase in the labour force. The rate averaged 12.5% in 2012, 0.2 percentage points lower than 2011.

### New Motor Vehicle Sales



Source: Statistics Canada

Rising wages, among other things, have also provided evidence of a strengthening labour market. Average weekly earnings increased by 5.4% in 2012. At \$929, they were the second highest among provinces, behind only Alberta, and 3.5% above the Canadian average (see chart). Gains in employment and wages led to a 9.0% increase in labour income for 2012. Total personal income, which includes not only labour income but also other sources of income such as investments and transfers from various levels of government, rose by 7.0% last year.

### Prices

On a year-over-year basis, growth in the Consumer Price Index (CPI), or inflation, was 2.1% in 2012. The increase in the CPI was largely driven by a 4.6% rise in energy prices. Higher energy costs resulted in increases in the shelter (affected by electricity and home heating fuel) and transportation (affected by gasoline) components of the CPI. The "all-items excluding energy" index rose more moderately (+1.7%). Food prices also contributed to inflation last year increasing by 3.5%.

### Population

Expansion in the economy and increasing employment have served to stabilize the province's population. Prior to 2008, the population had declined for 15 consecutive years because of high levels of out-migration. However, in recent years net out-migration has fallen and the province recorded increases in population from 2008 to 2011. Migration trends, and subsequently population levels, will continue to be impacted not only by strength in the local economy but also by labour market demand in other provinces, particularly Alberta. Preliminary data released by Statistics Canada indicated that the population of the province on July 1, 2012 was 512,659, virtually unchanged from one year earlier.

### Outlook

Economic growth is expected to be strong in 2013 despite the dampening effects of government restraint. Real GDP is expected to increase by 6.8% as increased exports, investment and consumption more than offset a decline in government spending.

### Economic Indicators

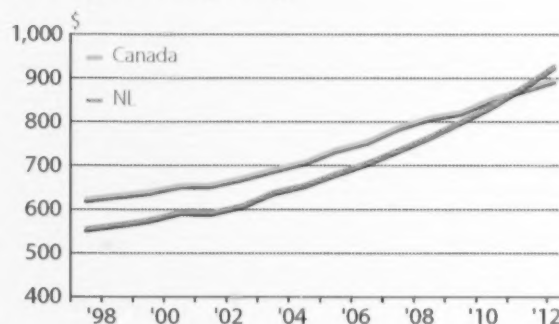
	2012e	2013f	2014f	2015f
GDP at Market Prices (\$ M)	31,601	34,365	33,770	33,993
% Change	-6.0	8.7	-1.7	0.7
% Change, real	-0.4	6.8	-1.6	-0.1
Final Domestic Demand* (\$ M)	32,632	35,662	36,393	36,482
% Change	13.2	9.3	2.0	0.2
% Change, real	10.5	6.1	-0.3	-2.1
Personal Income (\$ M)	20,359	21,835	22,120	22,878
% Change	7.0	7.3	1.3	3.4
% Change, real	4.8	4.5	-1.0	1.0
Personal Disposable Income (\$ M)	15,716	16,831	17,073	17,667
% Change	6.8	7.1	1.4	3.5
% Change, real	4.7	4.4	-0.8	1.1
Retail Sales (\$ M)	8,202	8,550	8,746	8,977
% Change	4.8	4.2	2.3	2.6
% Change, real	3.1	3.1	0.6	1.0
Consumer Price Index (2002=100)	123.9	127.1	130.0	133.1
% Change	2.1	2.6	2.3	2.4
Capital Investment	10,039	11,788	12,023	11,583
% Change	33.0	17.4	2.0	-3.7
% Change, real	25.9	9.5	2.1	-6.3
Housing Starts	3,885	3,520	3,102	2,995
% Change	11.4	-9.4	-11.9	-3.5
Employment ('000s)	230.5	236.9	234.6	236.1
% Change	2.3	2.8	-0.9	0.6
Labour Force ('000s)	263.3	267.6	265.9	267.1
% Change	2.1	1.6	-0.7	0.5
Unemployment Rate (%)	12.5	11.5	11.8	11.6
Population ('000s)	512.7	514.0	513.8	513.4
% Change	0.0	0.3	0.0	-0.1

\* Final domestic demand measures demand in the local economy by summing consumption, investment and government expenditures; it excludes exports and imports.

e: estimate; f: forecast, Department of Finance, March 2013

Source: Statistics Canada; Department of Finance

### Average Weekly Wages



Source: Statistics Canada



Exports are forecast to increase by 6.0% in real terms mainly as a result of a rebound in oil production and higher iron ore output. Construction activity at Vale's nickel processing facility is expected to remain at high levels and the Hebron project will ramp up significantly with GBS construction underway and the commencement of topsides fabrication. Furthermore, development of the Muskrat Falls hydro-electric project is expected to accelerate. These major projects will contribute significantly to a 17.4% increase in capital investment.

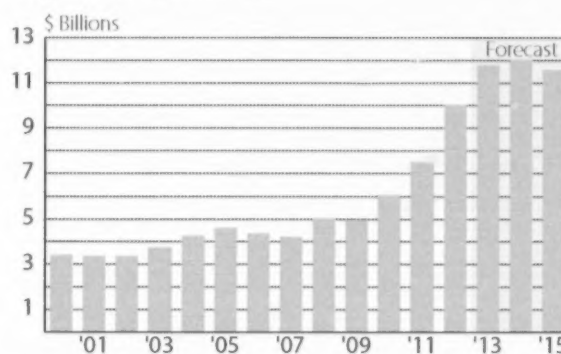
Employment is expected to grow by 2.8%, leading to a 1.0 percentage point decline in the unemployment rate. Employment gains and wage growth are expected to lead to a 7.3% increase in personal income. Increased employment and income will boost consumer spending—retail sales are expected to grow by 4.2%. Population growth is expected to resume in 2013 as demand for labour on major projects should result in a return to net in-migration.

Major project timelines and natural resource production will continue to impact economic growth in the province over the forecast period. Beyond 2013, economic activity is expected to remain at high levels, however growth in many economic indicators will be much more modest than in recent years. Capital investment is expected to decline after 2014 as major projects progress past peak development and move towards the production phase. Employment and income growth will also be dampened by lower major project development activity. Changes in the timelines (and number) of major projects or in oil production, in particular, could alter this forecast significantly.



Hebron GBS Construction at Bull Arm

### Capital Investment



Source: Statistics Canada; Department of Finance

## Oil and Gas

Oil and gas is the largest contributor to provincial GDP on an industry basis (see table on page 54). Currently, Newfoundland and Labrador has three active offshore oil projects, Hibernia, Terra Nova and White Rose. A fourth project (Hebron), estimated to contain the second largest reserves in the province's history behind Hibernia, is expected to go into production in 2017. Industry is also continuing with near-field/satellite developments (e.g. Hibernia South Extension, North Amethyst and West White Rose) associated with existing projects and fund exploration efforts to identify new resources.

### Oil Production

Oil production decreased by 25.8% to 72.2 million barrels in 2012, compared to 97.3 million in 2011 (see chart). This drop was primarily driven by extended maintenance shutdowns and, to a lesser extent, natural production

declines at all three projects. Hibernia was offline for 30 days between August and September, Terra Nova for 183 days between June and December and White Rose for 102 days between May and August.

The value of oil production is estimated to have decreased by 24.1% to \$8.1 billion in 2012 as a result of the decline in production. The price of Brent crude oil, a benchmark for Newfoundland and Labrador oil, changed little in 2012, averaging US\$111.63/barrel, compared to US\$111.26/barrel in the previous year (see chart).

### Hibernia

The Hibernia field, consisting of the Hibernia and Ben Nevis/Avalon reservoirs, is among the largest oil fields ever found in Canada. With estimated recoverable reserves of 1.4 billion barrels (including oil already extracted), Hibernia boasts the largest reserves of Newfoundland and Labrador's three active projects. Operated by the Hibernia Management and Development Company Ltd. (HMDCC) and located in the Jeanne d'Arc Basin 315 kilometres (km) southeast of St. John's, it has been producing oil since late 1997 using a gravity-based structure (GBS).

Oil production at Hibernia was 47.8 million barrels in 2012, down 15.1% from the previous year's total of 56.3 million barrels. The production decline can largely be attributed to a 30-day shutdown from mid-August to mid-September. The shutdown allowed for regular inspections, certification and maintenance associated with processing equipment and utilities.

Efforts continue to expand the productive life of the Hibernia field by tapping into oil reserves in close proximity to the main field. The Hibernia Southern Extension (HSE) includes the AA Blocks (that came online in late 2009) and the HSE Unit (that came online in June 2011). The HSE has estimated recoverable reserves of 215 million barrels (AA Blocks – 48 million barrels; HSE Unit – 167 million barrels). It is expected that the HSE could extend the life of the Hibernia project by about 10 years. The province, through Nalcor Energy, has a 10% equity stake in the HSE Unit.

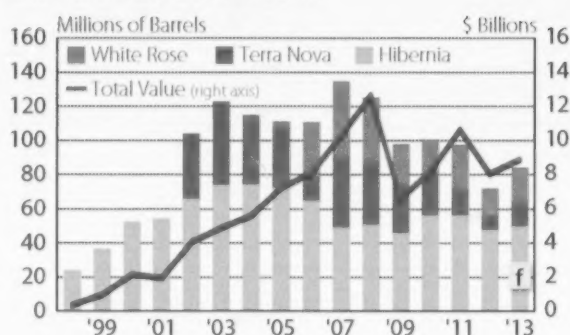
As of December 31, 2012, 1,618 people were employed on Hibernia's operations, including the HSE project.

### Terra Nova

The Terra Nova field was the second Newfoundland and Labrador offshore project to commence production, with first oil coming in January 2002. The field, located just southeast of the Hibernia project, is operated by Suncor Energy Inc. using a floating production, storage and offloading unit (*Terra Nova FPSO*). Terra Nova is the second largest producing field in Newfoundland and Labrador's offshore area with an estimated 419 million barrels of recoverable reserves.

The Terra Nova project produced 8.5 million barrels of oil in 2012, a decline of 7.3 million barrels (or 46.2%) over the previous year. Production was lower due to an extensive maintenance shutdown of 183 days from mid-June to early December.

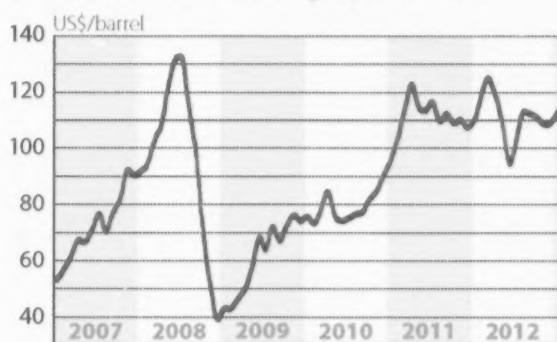
### Offshore Oil Production



f: forecast

Source: Canada-Newfoundland and Labrador Offshore Petroleum Board; Department of Finance

### Brent Crude Oil Monthly Spot Prices



Source: U.S. Energy Information Administration

The shutdown saw the *Terra Nova FPSO* sail to Marystown for repairs, which were primarily focused on replacement of the water injection swivel. During the downtime, subsea maintenance work was also carried out at the offshore site. This work included replacement of the flowlines and risers to resolve issues associated with the discovery of hydrogen sulphide (sour gas) in the producing well stream in October 2010. The sour gas issue initially led to a shut-in of six wells and deferred production of approximately 23,000 barrels per day. Field work conducted in 2011 restored production in five of the wells by the end of 2011.

As of December 31, 2012, a total of 1,198 people were working on the Terra Nova project.

### **White Rose (including North Amethyst)**

White Rose is the most recent offshore area in the province to be brought into production. Operated by Husky Energy Inc., first oil was produced from the South Avalon Pool in November 2005 via use of the *SeaRose FPSO*. White Rose has estimated recoverable reserves of 373 million barrels, including already extracted oil, recoverable reserves in the main reservoir and satellites North Amethyst, South White Rose Extension, West White Rose, North Avalon and Hibernia Formation. The province, through Nalcor Energy, has a 5% equity stake in the White Rose satellite fields.

The White Rose project, including output from the North Amethyst field, produced 15.9 million barrels of oil in 2012, down 9.3 million barrels (or 37.0%) from the previous year. Lower production was primarily due to a 102-day maintenance shutdown from early May to mid-August. Repairs to the *SeaRose FPSO*'s stern tubes necessitated the shutdown. These repairs were carried out in drydock in Belfast, Northern Ireland.

Husky is actively pursuing satellite field development to further optimize the potential of the White Rose area. North Amethyst was the first satellite field development in the Canadian offshore and was brought into production on May 31, 2010. In May 2012, Husky filed a project description of the White Rose Extension Project (WREP). The WREP will initially focus on accessing the resources of West White Rose where a two-well pilot project has been ongoing. These wells will provide additional information on the reservoir to refine the development plan for the full West White Rose field.

Development options under consideration for the WREP are a wellhead platform (WHP) development or a subsea drill centre development. Both development options will be tied back to the existing FPSO. The WHP will consist of a concrete gravity structure (CGS) with topsides consisting of drilling facilities, wellheads and support services such as accommodations for 120 to 130 persons, utilities, a flare boom and a helideck. There will be no oil storage in the CGS. All well fluids will be transported via subsea flowlines to the FPSO for processing, storage and offloading. If pursued, the CGS would be constructed at Argentia, floated to deep waters in Placentia Bay for mating with the topsides and then towed to the White Rose project. Construction would be anticipated to begin in 2014 with first oil being produced in late 2016. A decision from Husky on the preferred development option for the West White Rose region has not been made but is expected in the near future.

Husky filed a development plan amendment application with the C-NLOPB on January 15, 2013 seeking approval to develop the South White Rose extension and the Terrace region of the South Avalon pool via subsea tiebacks to the *SeaRose FPSO*. During 2012, a subsea drill centre at the South White Rose extension was excavated in preparation for project sanction with first oil planned in 2014.

As of September 30, 2012, a total of 1,491 people were employed on the White Rose project, including North Amethyst and WREP.

### **Hebron**

The Hebron field, discovered in 1981, will be Newfoundland and Labrador's fourth stand-alone offshore oil project. Development activities have been ongoing since 2008, when the province signed the final agreement with the Hebron consortium to develop the oil field. Capital cost for the project is estimated at \$14 billion and first oil is expected around the end of 2017. The Hebron field, located just to the northwest of the Terra Nova project in the Jeanne d'Arc Basin, is estimated by the consortium to contain 707 million barrels of recoverable reserves, which would make it the second largest field after Hibernia. Like Hibernia, Hebron will be developed using a GBS, but on a smaller scale.

The province, through Nalcor Energy, purchased a 4.9% equity stake in the Hebron project. It will pay a proportional share of project costs and receive a corresponding share of production. ExxonMobil Canada Properties (36.0%), Chevron Canada Limited (26.6%), Suncor Energy Inc. (22.7%) and Statoil Canada Ltd. (9.7%) make up the remaining Hebron consortium participants.

On April 27, 2012, after a completeness review of the Hebron Development Plan and a recommendation to sanction from the public review commissioner, the C-NLOPB approved the development plan application for the project. The approval was ratified by both the provincial and federal governments by May 31, 2012. This was followed by an official sanction of the project by the Hebron consortium partners on December 31, 2012.

Site preparation at Bull Arm, where the GBS will be constructed, began last year with dry dock dewatering completed in July. October 2012 marked the official start of GBS construction with the installation of the steel skirts at Bull Arm.

Topsides construction is expected to start this year. Two of the four topsides modules will be built in the province—the accommodations module will be constructed at Bull Arm and the drilling support module will be fabricated in Marystown. A third module, the drilling equipment set, was originally slated to be constructed in Newfoundland and Labrador but will now be fabricated outside the province. The project proponents will pay the province \$150 million in compensation for moving this work outside the province. The fourth module, the utilities/processing module, will also be built outside the province.

As of December 31, 2012, there were 1,474 people working on the Hebron project in Newfoundland and Labrador. Approximately 1,118 of those people were residents of the province.

### Exploration

Exploration activity remained healthy in 2012 with considerable seismic work conducted; one offshore exploration well drilled; a successful land sale; and a significant announcement by Statoil.

Offshore seismic exploration activity remained substantial in 2012. Multi Klient Invest (MKI) carried out an extensive, regional 2D multi-client program off the coast of Labrador and northeast Newfoundland in which Nalcor Energy participated. The company acquired 11,572 line km of 2D seismic survey data off Labrador and 7,957 line km northeast of Newfoundland. The early results of this seismic work indicate the existence of previously undiscovered basins off Labrador. Interpretation of the data to date suggests a marine deposition indicative of an oil source. In addition, Statoil acquired 5,773 km<sup>2</sup> of 3D seismic survey data in the Flemish Pass.

Husky Energy spud an exploration well in the Jeanne d'Arc Basin on August 2, 2012. As of February 4, 2013 drilling operations were suspended pending a weather delay. Well results are confidential for a period of two years after rig release for all exploration wells.

In terms of new offshore areas available to industry for exploration and development, the C-NLOPB announced the winning bids for the 2012 licence auction on November 2, 2012. The areas that were up for bid comprise 1,589,238 hectares over six parcels in the Laurentian Basin, to the south of Newfoundland, and 208,899 hectares over one parcel in the Flemish Pass. Shell Canada Limited made five successful bids for \$97.0 million in work commitments in the Laurentian Basin. The sixth parcel received no bids. In the Flemish Pass, a consortium of Husky (40% working interest), Suncor (35%) and Repsol E & P Canada Ltd. (25%) made a successful bid of \$19.9 million in work commitments for the lone parcel.

Statoil made a significant announcement in June 2012 when it revealed that its drilling activities had uncovered 100 to 200 million barrels of recoverable oil resources in the Mizzen field. The existence of this field extends the discovery of hydrocarbons to another basin located in the Flemish Pass, northeast of the province's current offshore projects in the Jeanne d'Arc Basin. Mizzen was drilled in water depths up to 1,100 metres, which is indicative of a global trend towards deep-water exploration.

Other events in exploration during 2012 included the C-NLOPB's decision to update the Strategic Environmental Assessment (SEA) for the Western Newfoundland and Labrador Offshore Area. The objective of the update is to identify and present new information that has become available since the completion of the previous SEA for this area in 2007. The C-NLOPB undertakes SEAs as part of its Rights Issuance Process. A SEA considers



all reasonable foreseeable exploration activities and examines all environmental aspects to determine what activities, if any, might pose a risk. The draft update will be released for public review in April 2013.

Corridor Resources submitted an Environmental Assessment (EA) of a proposed drilling program on its Old Harry prospect off the coast of western Newfoundland in December 2011. However, the C-NLOPB decided to put the review of this EA on hold until the Western Newfoundland and Labrador SEA is completed since the results of the SEA update may contribute to a more informed project-specific EA.

Shoal Point Energy Ltd. also continues to be active on the west coast with interest in three exploration licences. Early in 2013, the company filed an application with the C-NLOPB to amend the EA of Shoal Point's onshore-to-offshore exploration drilling program on the Port au Port Peninsula. The amendment described and assessed near-wellbore stimulation activities and proposed extending the timelines of the original assessment. Most significantly, Shoal Point proposed to employ hydraulic fracturing (fracing) in assessing the viability of the Green Point shale formation that runs up the west coast of Newfoundland. Fracing involves injecting a mixture of water, sand and chemicals underground at high pressure in order to crack the rock. Many other areas of North America have produced oil and gas using this technology. More recently, Shoal Point announced that an oil rig was acquired for use in drilling four wells this year pending regulatory approvals. The rig is expected in Stephenville in May.

Exploration activity continued onshore during 2012 as well. Vulcan Minerals Inc. converted its 50% working interest to a 2% royalty in the approximately 100,000 hectares of onshore Bay St. George petroleum rights in western Newfoundland. The deal was struck with Investcan Energy Corporation, who have taken over the project as operator. Investcan has indicated plans for a four-well appraisal pilot project in the Flat Bay area and the first appraisal well was drilled in late 2012.

### Oil and Gas Outlook 2013

- Oil production is expected to increase 16.9% to 84.4 million barrels in 2013 due to increased production at all three projects, reflecting a return to steady-state operations after extended maintenance shutdowns in 2012.
  - Hibernia (including AA Blocks and HSE Unit) is expected to produce 49.8 million barrels, 2.0 million barrels more than 2012.
  - Terra Nova is expected to produce 15.3 million barrels, 6.8 million barrels more than 2012.
  - White Rose (including North Amethyst and West White Rose) is expected to produce 19.3 million barrels, 3.4 million barrels more than 2012.
- Annual average crude oil prices are expected to decline from 2012 levels. Brent crude is expected to average US\$107.22/barrel in 2013 compared to US\$111.63/barrel in 2012.
- Capital expenditures are expected to be about \$4.7 billion in 2013, up over 80% from 2012, due primarily to a ramp up in Hebron construction.
- Construction of the Hebron GBS will continue at Bull Arm, while construction of two of the project's topsides modules is expected to commence at Bull Arm and Marystown.
- Several companies will be pursuing exploration and development opportunities in 2013.
  - Statoil has plans to drill two wells in the Flemish Pass area and one well in the Jeanne d'Arc Basin.
  - Chevron has plans to drill a well in the Orphan Basin.
  - MKI plans to continue with seismic exploration northeast of the Island.
  - Investcan plans to continue its appraisal well program in the Bay St. George area.
  - Shoal Point plans to drill four wells on its Green Point Shale prospect in Western Newfoundland, pending regulatory approval.
- Employment related to oil production, development and exploration is expected to increase significantly, primarily due to the development of the Hebron project.

## Mining

The provincial mining industry performed well in 2012 despite challenging market conditions. Prices for iron ore and nickel trended down throughout much of the year due to dampened demand from developing countries, especially China. Nonetheless, prices remained high from a historical perspective, development of new and expansion projects advanced, and mineral exploration increased.

The value of mineral shipments totalled about \$3.8 billion in 2012. This represented a decrease of about 16% from 2011, reflecting lower prices for many minerals, particularly iron ore. Although down from last year, the value of mineral shipments remains historically high (see chart). Exploration expenditures increased about 24% to the highest level ever recorded. Total mining-related employment (including employment associated with construction and development activities at Vale's nickel processing facility) is estimated to be almost 8,000 person years in 2012—the highest level on record.

### Market Conditions

Mineral prices in 2012 retreated somewhat from the high levels seen in most of 2011. Prices began to decline in late 2011 and this trend continued throughout much of 2012 primarily as a result of slowing economic growth in China and India. Average iron ore spot prices for 2012 fell about 24% compared to 2011, averaging US\$128/tonne (62.0% Fe) and US\$133/tonne (Indian ore 63.5% Fe). However, iron ore prices have been trending upwards over the last several months (see chart). Nickel prices decreased by about 23% and copper prices fell almost 10% in 2012 compared to the previous year. Prices averaged US\$7.95/pound for nickel and US\$3.61/pound for copper in 2012.

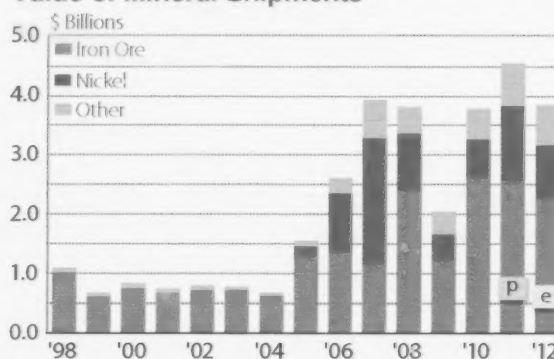
### Iron Ore

Iron ore shipments were approximately 19 million tonnes in 2012, an increase of about 10% relative to 2011. The rise was due to higher production at the Iron Ore Company of Canada (IOC) and Labrador Iron Mines Ltd. (LIM) (see map for locations). However, the value of shipments is estimated to have declined about 12% because of lower iron ore prices.

### Iron Ore Company of Canada

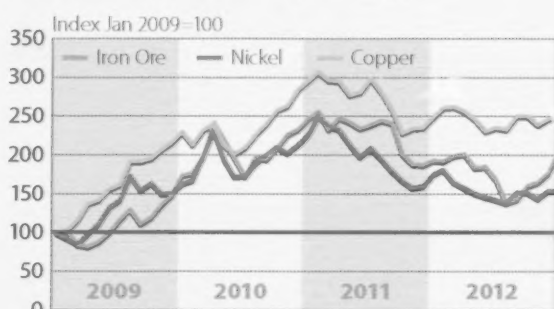
Shipments from IOC increased from about 13 million tonnes in 2011 to about 14 million tonnes in 2012 as a result of the implementation of Phase 1 of the Concentrate Expansion Project (CEP). Commissioning of Phase 1, which includes a new crusher and conveyor at the Luce pit, began in the first quarter and was operational as of August 2012. CEP 1 increased the iron concentrate production capacity at IOC from 18 to 22 million tonnes per year. CEP 2 is more than 80% complete and is intended to expand capacity from 22 to 23.3 million tonnes.

### Value of Mineral Shipments



Source: Department of Natural Resources; Natural Resources Canada

### Mineral Price Indices (Monthly)



Source: London Metal Exchange, MetalPrices.com



Further expansion plans to increase production to as much as 50 million tonnes are currently on hold. The mine currently employs about 2,000 people.

### **Wabush Mines**

Wabush Mines started mining iron ore from the Scully Mine in Labrador in 1965. The mine produces ore for a concentrating plant at the mine site. The concentrate is then railed to the company's pellet plant and shipping facilities in Point Noire, Quebec. Wabush Mines is 100% owned and operated by Cliffs Natural Resources Inc. (based in Cleveland, Ohio). The operation shipped about three million tonnes of iron ore concentrate in 2012 and employed about 480 people at the mine. Recently, Cliffs idled its pellet plant citing high production costs and lower pellet premium pricing.

### **Labrador Iron Mines Ltd.**

Labrador Iron Mines Ltd. (LIM) began operations in April 2011 and shipped its first iron ore to China the following October. The company is the first new iron ore producer in the province since 1965 when Wabush Mines started producing. Approximately 175 people are employed at the mine and the Silver Yards plant.

The company mines and processes lump and sinter iron ore in northwestern Labrador. In 2012, the project sold 1.55 million dry tonnes of product. It was expected that 2 million tonnes would be produced in 2012, however the company closed the processing plant earlier than anticipated in response to deteriorating iron ore prices over the summer and early fall.

Lower than expected iron ore prices resulted in several cost reduction and cash conservation measures. The capital expenditures budget of \$112 million in 2012 was adjusted and about \$52 million was deferred to 2013. Exploration expenditures were also reduced from \$8.6 million to \$5.0 million in 2012. LIM has stated that the start of the 2013 operating season in April will depend on management's confidence in realized concentrate prices remaining at US\$110 or higher over the 2013 season. The company recently completed public offerings of common shares which raised about \$60 million in capital. The company also registered a project in February 2013 involving a \$65 million beneficiation plant to process ore from its Houston deposits.

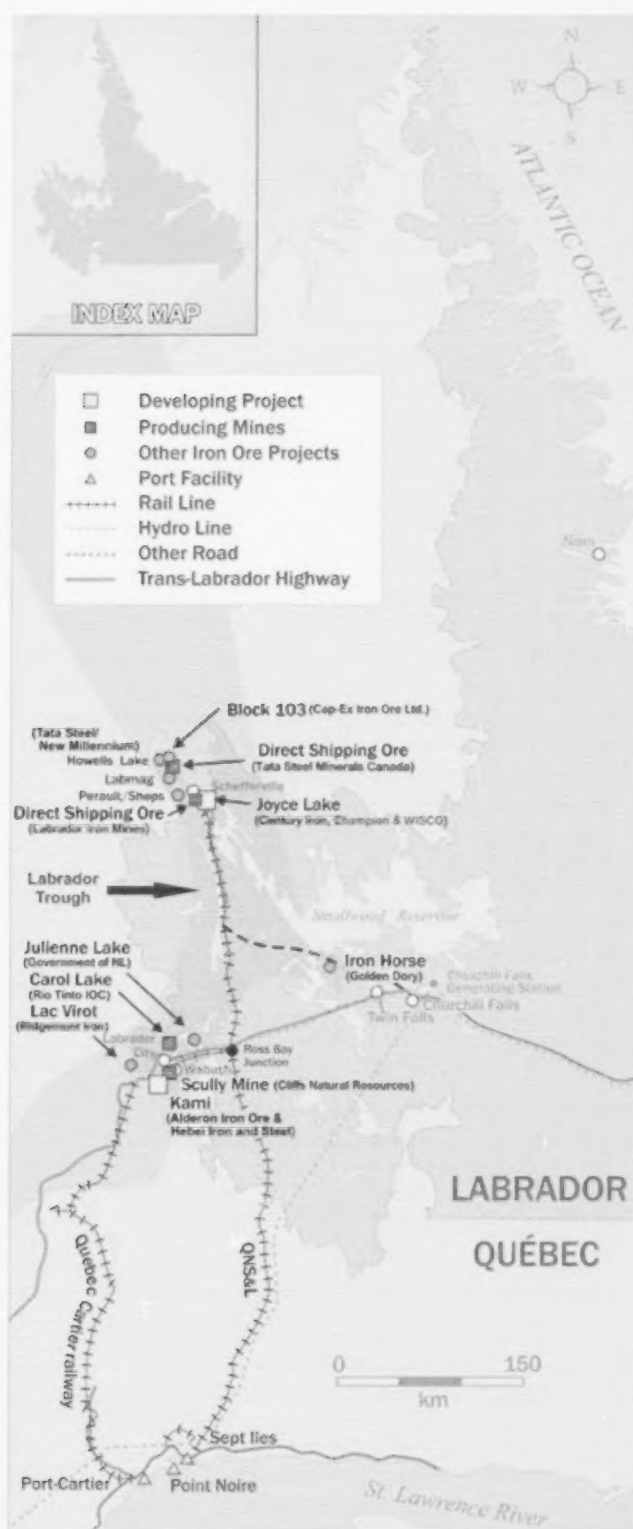
### **Infrastructure Development**

Expansion of the iron ore industry has created greater demand for transportation infrastructure. Several iron ore companies are participating in the development of a new multi-user dock located in the Bay of Sept-Îles at Pointe Noire, Quebec. The companies include LIM, Alderon Iron Ore Corp., Tata Steel Minerals Canada Ltd. (TSMC) and Champion Minerals. The dock is designed to have a total capacity of 50 million tonnes annually and is expected to cost \$220 million. Financing is also being provided by the Port of Sept-Îles and the Government of Canada. The facility is expected to be completed in the first quarter of 2014.

### **Voisey's Bay**

Production at Vale Newfoundland and Labrador's (VNL) operations at Voisey's Bay, Labrador increased slightly in 2012. Nickel, copper and cobalt production totalled about 119,000 tonnes—up roughly 1% from 2011. The company shipped about \$1.3 billion of metal concentrates in 2012, down about 27% compared to 2011 due to lower nickel prices.

The construction of VNL's US\$4.25 billion nickel processing facility in Long Harbour continues with finalizing concrete placement, equipment setting, piping and cable placement. Budgeted capital expenditures for 2012 were approximately US\$1.2 billion. The overall project was 75% complete as of December 2012 with about 4,000 people working at the site. In October 2012, Vale announced a revised schedule, whereby first nickel would be produced from imported nickel matte in the second half of 2013 using a section of the plant. Construction will continue on the remaining components while commissioning and operations are underway, with a target of accepting concentrate from Voisey's Bay in late 2013 or early 2014. Once fully operational the facility will produce 50,000 tonnes of finished nickel per year and employ approximately 475 people annually.



## Other Mines

Rambler Metals and Mining Canada Ltd. (RMM) mines and processes ore from its copper-gold Ming Mine on the Baie Verte Peninsula. The company officially announced commercial production effective November 2012. Employment at the site is currently about 150 people. The project is expected to process about 630 tonnes of ore per day and have a mine life of six years. A preliminary economic assessment prepared by the company confirmed that a large copper resource exists in the Lower Footwall Zone of the mine which could extend the operation.

Anaconda Mining Inc. began gold production in 2008 at its Pine Cove mine near Baie Verte and expects to produce over 15,000 ounces of gold per year. Employment at the project is approximately 66 persons and expected mine life is about seven years.

The Teck Duck Pond copper-zinc mine is located in central Newfoundland. In 2012, copper and zinc production was 14,100 tonnes and 19,500 tonnes, respectively. This compares with copper and zinc production of 13,200 tonnes and 21,400 tonnes in 2011. The operation employs approximately 330 people annually. Teck Duck Pond operations are currently scheduled to end mining in the first quarter of 2015, however, an ongoing exploration program may extend the mine's life. The company expects production in 2013 to be approximately 15,000 tonnes of copper and 15,000 tonnes of zinc.

There are other mines in the province such as Atlantic Minerals (limestone/dolomite), Hi-Point Industries (peat) and Newfoundland Pyrophyllite (pyrophyllite), which produce a variety of mineral products. Some of these operations were adversely affected by weak global growth in 2012.

## New Developments

Mineral development activity continued to be robust in Newfoundland and Labrador in 2012, despite challenging mineral markets.

TSMC's Elross Lake project is a joint-venture owned by Tata Steel of India and New Millennium Iron Corp. TSMC is developing a direct shipping iron ore deposit in northwestern Labrador/northeastern Quebec at an estimated cost of \$630 million. Development plans have been accepted by the Department of Natural Resources. The company requested and obtained an expedited approval to permit TSMC to

begin mining from one of its pits, which contains ore of direct shipping quality. On September 12, 2012 the company announced that it had started initial mining of saleable iron ore and is stockpiling the product at its Timmins plant site for crushing and screening. Most of the necessary agreements are in place for full approval and development and construction activities are continuing. Estimated production targets are four million tonnes per year by the fourth quarter of 2013, increasing to six million tonnes per year in 2015 (with some ore being mined in Quebec). The project is expected to employ 188 people once fully operational. Tata Steel and New Millennium are also undertaking a \$50 million feasibility study for several large taconite (low grade iron content) deposits in the same area.

Alderon is advancing the Kamistatusset (Kami) iron ore project located in western Labrador near Labrador City and Wabush. The resource is contained within three zones (Rose Central, North Rose and Mills Lake). At the present time the main focus of the project is the Rose Central zone, which comprises about 40% of total measured and indicated resources. In September 2012 the company submitted an Environmental Impact Statement (EIS). Production is initially estimated at about eight million tonnes per year, however, the EIS contains plans to possibly double that production to 16 million tonnes per year. A feasibility study, published in January 2013, states that the capital cost of the project is about \$1.3 billion. Construction is expected to begin in late 2013 or early 2014 with production starting in 2016. Operational employment at the mine and concentrator is estimated at 380 person years.

Newspar continues efforts to reactivate the underground fluorspar mine located at St. Lawrence on the Burin Peninsula. The company is an equal partnership between Canada Fluorspar Inc. (CFI) and Arkema (a multinational French chemical company). Newspar plans to develop two deposits, complete upgrades to the existing mill, and construct a tailings management facility and new marine terminal. The company is performing a review of the project in order to establish a more precise understanding of its costs and scope. CFI expects this comprehensive review to be completed in the first quarter of 2013. In January 2013, a new preliminary feasibility study was completed with a revised pre-production capital cost of \$154 million compared to \$98 million in the previous study. The operation is now expected to produce 131,000 tonnes of fluorspar per year and create about 150 jobs during production.

## LABRADOR IRON ORE PROJECTS

### ☐ PRODUCING MINES

#### **Iron Ore Company of Canada**

In phase 2 of expansion program; further expansion currently on hold (**Carol Lake**)

#### **Wabush Mines**

Continuing its manganese separation project (**Scully Mine**)

#### **Labrador Iron Mines Holdings Limited**

Began operations in April 2011; recently registered a project involving a beneficiation plant (**DSO Project**)

#### **Tata Steel Minerals Canada Ltd.**

Development plans accepted by the Department of Natural Resources; stockpiling of product has commenced (**Elross Lake**)

### ☐ DEVELOPING PROJECTS

#### **Alderon Iron Ore Corp.**

Completed a feasibility study on one of three deposits; construction expected to begin in late 2013 (**Kami**)

### ☐ ADVANCED EXPLORATION

#### **Tata Steel Global Minerals Holdings Pte Ltd. / New Millennium Iron Corp.**

Undertaking a \$50 million feasibility study on several large taconite deposits (**LabMag**)

#### **New Millennium Iron Corp.**

Early stage drilling along trend from LabMag Project (**Perault Lake**)

#### **Labec Century Iron Ore Inc.**

Registered project for environmental assessment (**Joyce Lake**)

#### **Cap-Ex Iron Ore Ltd.**

Second high grade magnetite zone discovered (**Block 103**)

#### **Century Iron Mines Corporation / Altius Resources Inc.**

Exploration begins on a new joint venture (**Astray/Grenville**)

#### **NL Government**

Announced a call for Expressions of Interest to seek development proposals (**Julienne Lake**)

#### **Grand River Ironsands/Petmin Limited/Cardero Resource Corporation Ltd.**

Announced a new investment of up to \$25 million in the project in 2011 (**Churchill River**)

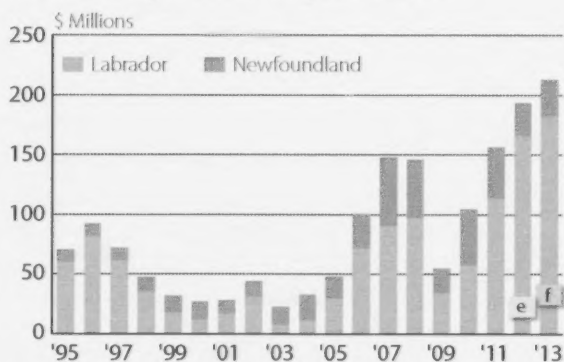
Labec Century Iron Ore Inc. (Labec) registered the Joyce Lake iron ore property for environmental assessment in October 2012. The Joyce Lake property is part of the larger Attikamagen project that straddles the Newfoundland and Labrador / Quebec border about 20 km northeast of Schefferville. The project could produce up to four million tonnes of direct shipping iron ore over a mine life of about six years with production beginning in 2015. About 75 construction jobs and up to 265 operating positions could be created.

### Exploration

Exploration expenditures increased about 24% in 2012, to an estimated \$194 million, the highest ever recorded (see chart). The major commodities of interest were iron ore, copper and gold. Iron ore exploration is estimated at an all-time high of \$90 million, representing about 50% of all exploration expenditures for the province in 2012. There was also renewed interest in uranium—expenditures for this commodity are estimated to be roughly \$15 million in 2012. In March 2012, the Nunatsiavut Government officially lifted a three-year moratorium on uranium mining on Labrador Inuit Lands, which should bode well for future exploration.

In October 2012, the Provincial Government announced a call for Expressions of Interest to seek proposals for the development of the Julienne Lake iron ore deposit in western Labrador. The deposit is designated as an "exempt mineral land", meaning that mining rights are reserved for the Crown. The province conducted a \$2.6 million exploration program on the deposit over the last few years. The results of the exploration define a world-class resource consisting of over one billion tonnes of iron ore at better than 33% iron content, which should make the project attractive to companies in the global mining community. Following the tender process, the proponent with the successful proposal will be granted exclusive rights under the *Mineral Act*.

### Mineral Exploration Expenditures



e: estimate; f: forecast

Source: Department of Natural Resources

### Mining Outlook 2013

- Demand for minerals has strengthened so far in 2013 and is expected to remain steady throughout the year.
- The value of mineral shipments is expected to increase about 23% to \$4.7 billion. The rise mainly reflects an increase in iron ore production.
- An increase in iron ore shipments is expected as all iron mines increase output and the Tata Steel Minerals Canada Ltd. project begins shipping.
- Construction on Alderon's \$1.3 billion iron ore project is expected to begin in the fourth quarter of 2013.
- Construction of Vale's nickel processing plant at Long Harbour will continue with the placement of concrete required for setting the remaining modules.
  - Capital expenditures for 2013 are expected to be \$1.2 billion.
  - Peak employment is anticipated in 2013 at about 5,000 people.
  - First nickel is expected to be produced this year from imported nickel matte.
- Exploration expenditures are expected to increase about 10% to \$213 million.
- Total mining-related employment is expected to increase more than 14% to over 9,000 person years due mainly to increases at the Long Harbour nickel processing facility, Tata Steel Minerals Canada Ltd. and IOC.



## Forestry and Agrifoods

### Forestry

#### Newsprint—North America

International market conditions for newsprint manufacturers continued to deteriorate in 2012 while domestic conditions stabilized. North American newsprint shipments were down 8.4% due mainly to a drop in exports, which have become increasingly important to North American producers. Exports were down 24.2% in 2012, reflecting declining demand from Asia, Latin America and Africa. Domestic shipments (i.e. customers in North America) were relatively stable over the same period, falling only 1.0%.

The North American industry has struggled for some time, with shipments falling by more than 50% in less than a decade. The industry had kept prices relatively stable at around US\$640/tonne over the last couple of years (see chart) by limiting supply. However, this tactic has recently buckled under the strain of continued declines in demand. The price of newsprint was reported to be just above US\$600/tonne in February 2013. For Canadian producers, this situation is further complicated by the strong Canadian dollar which has eroded the currency advantage they once held.

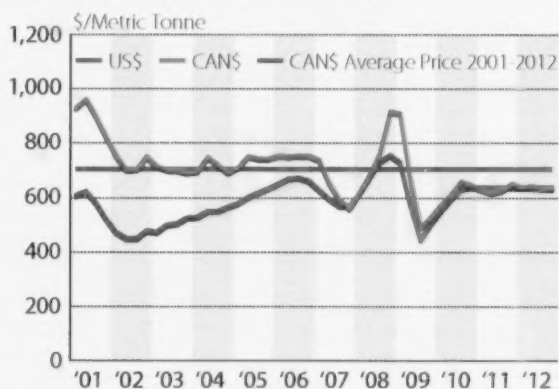
#### Newsprint—Province

The newsprint industry in Newfoundland and Labrador has faced the same challenges as other North American producers. Corner Brook Pulp and Paper Limited (CBPP), a subsidiary of Kruger Industrial, operates the only remaining newsprint facility in the province, following the closure of two AbitibiBowater mills several years ago. Paper shipments totalled approximately 246,600 tonnes in 2012, up 4.4% over the previous year. This increase reflected, in part, less downtime due to maintenance. The estimated value of paper products increased over 5% primarily reflecting the higher volume of shipments.

Late last year CBPP announced 15 days of market-related downtime for one of its two paper machines (No. 2) over the Christmas period. This affected 110 employees and resulted in a production curtailment of 4,000 tonnes, some of which will impact this year's production. Woodland workers also took two weeks of downtime in February 2013.

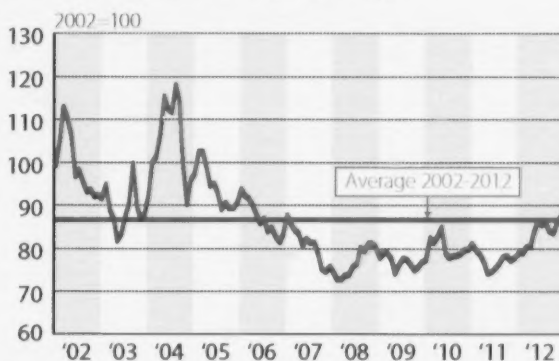
Kruger has been assessing the viability of the Corner Brook mill in conjunction with the implementation of cost-cutting measures. Over the past year the company negotiated new labour agreements with most of the union locals at the mill. Negotiations are continuing with the mill's machinists, the woodlands workers and Deer

#### Newsprint Prices (Quarterly)



Source: TD Bank Group; Bank of Canada; Department of Finance

#### Lumber Price Index (Monthly)



Source: Statistics Canada

Lake Power employees. The company is continuing to address issues related to operating costs and hopes to develop a sustainability plan to ensure the long-term viability of the mill.

### Lumber and Wood Pellets

The North American lumber industry appears to be recuperating after several difficult years brought on by the collapse of the U.S. housing industry, its single biggest market. Housing starts in the U.S. have begun to rebound and in 2012 builders started approximately 780,000 homes, up 28.1% from 2011, the highest number in four years. While this level of activity is only about half of the annual number reflective of a healthy market, it facilitated a lumber price rally (see chart). Lumber prices exhibited considerable improvement in 2012, fueled not only by increasing demand but also by limited timber supply and reduced sawmill capacity.

High transportation costs associated with bringing lumber onto the Island give domestic producers a competitive advantage in the province. As a result, the local housing market, which was strong in 2012, has become a preferred market for lumber producers in Newfoundland and Labrador. Provincial lumber production reached an estimated 82 million board feet in 2012, up 1.0% from 2011. It is estimated that the industry sells about 50% of its products in the local market with the remaining being sold in the Maritimes and the Eastern Seaboard of the United States.

The industry continues to invest in upgrades and investigate ways to improve cash flow. A recent investment in a biomass dryer by Sexton Lumber in Bloomfield has resulted in the company supplying dry bark to CBPP for use in its co-generation plant. As well, Burton's Cove Logging and Lumber Limited recently upgraded its sawmill in Hampden.

Two wood pellet producers are currently operating in the province: Cottles Island Lumber Co. Ltd. in Summerford and Exploits Pelletizing in Bishop's Falls. Annual production in 2012 was estimated at 2,000 tonnes. Wood pellets are used in modern wood stoves for residential heating.



Cottles Island Lumber Co. Ltd., Summerford

### Future Development

In February 2013, the Department of Natural Resources issued a call for Expressions of Interest to develop some of the Central Newfoundland timber resources formerly held by AbitibiBowater prior to the closure of the mill in 2009. The unallocated wood supply available for development is 280,000 m<sup>3</sup>/year. Expressions are being accepted until March 28, 2013. A call for Expressions of Interest for development of timber resources in the Goose Bay area of Labrador is also expected in 2013.

### Agrifoods

#### Farm Cash Receipts

Farm receipts for provincial farmers totalled \$104.8 million during the first three quarters of 2012, up 13.1% from the same period in 2011. Livestock and livestock products, which accounted for 86.3% of total receipts during this period, were up 14.0% to \$90.4 million. This increase was mainly driven by higher sales of fur and dairy products. Although farm receipts for chicken production are no longer published, data from the Chicken Farmers of Canada indicates that the volume of chicken produced in the province in 2012 totalled 13.9 million kilograms, a 3.3% increase over 2011. Crop production receipts, overall, increased from \$13.0 million to \$13.3 million, a gain of 2.1%. The bulk of this gain was due to higher receipts for floriculture, nursery and sod producers.



## Farmed Fur

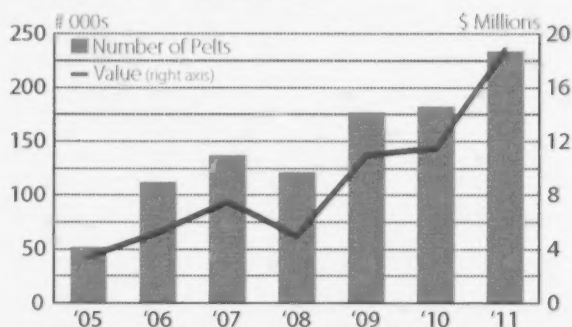
The production of farmed fur has been making a growing contribution to the provincial agrifoods sector. There are currently about 20 fur farms operating in the province employing over 200 people. Most fur production is mink, although other species such as fox, sable and lynx are also raised. The pelts are generally harvested in the fall of one year and sold at auction the following winter.

This industry has enjoyed strong price growth in the global market and has increased its production. Pelt prices have been on an upward trend for several years. For example, mink harvested in the province in 2011 fetched an average price of \$80/pelt, the highest on record. The number of fur pelts produced has grown from about 51,700 in 2005 to 233,900 in 2011 (see chart) and corresponding value has grown from \$3.5 million to \$18.9 million.

More than 95% of the pelts produced in this province are sold through international auction houses such as North American Fur Auctions, the Seattle Fur Exchange and Copenhagen Fur. The overall demand for fur is being driven by buyers in Hong Kong/China, Korea, Russia and Greece. The fur is often dyed in many colours and is used extensively as trim for fashion garments.

In 2012 pelt production is estimated to have increased over 2011. This production is currently being sold at auction and prices are up to around \$90/pelt, suggesting another solid performance.

**Farmed Fur Production**



Note: Data includes the production of mink and fox fur.  
Source: Statistics Canada

## Forestry and Agrifoods Outlook 2013

- The North American newsprint industry is expected to face another difficult year as declining demand is expected to put downward pressure on prices.
- Newsprint prices, which had been stable for a couple of years at around US\$640/tonne, are expected to drop between US\$20 to \$40/tonne this year.
- Paper product shipments from Newfoundland and Labrador are expected to be about 245,000 tonnes this year, down slightly from 2012.
- The rebound in the North American lumber industry is expected to continue. Lumber prices are expected to increase about 10% to average more than US\$400 per 1,000 board feet.
- Lumber production in the province is expected to increase about 7% to 88 million board feet.
- Proposals for the future development of the timber resources in Central Newfoundland and in the Goose Bay area are expected.
- Farm cash receipts are expected to post modest gains.

## Fishery and Aquaculture

The value of seafood production in Newfoundland and Labrador in 2012 was about \$1 billion, on par with the previous year. The industry continued to be challenged by high operating costs and a strong Canadian dollar relative to currencies in key export markets. The province's seafood products were exported to over 50 countries in 2012.

### Capture Fisheries

Fish landings in 2012 were 251,952 tonnes, down 6.2% compared to 2011 (see chart). Catch volumes were lower for the major species groups, with groundfish, pelagics and shellfish experiencing 19.4%, 6.3% and 3.8% declines respectively. The landed value of the 2012 harvest was \$575 million, down 6.3% compared to \$614 million in the previous year. This decrease was the result of lower landings and lower raw material prices paid for some species, particularly snow crab.

The shellfish sector continued to be the major contributor to the capture fisheries in 2012, accounting for 66.6% of total landings and generating 83.1% of total landed value. Shellfish landings decreased 3.8% compared with 2011 to 167,715 tonnes, while the landed value dropped 6.4% to approximately \$478 million (see table). Quota reductions in the snow crab fishery and a reduction in offshore shrimp landings were the main reasons for the decrease in overall shellfish landings.

Groundfish landings decreased 19.4% to 25,621 tonnes in 2012, and the corresponding landed value declined 3.5% to \$79 million. While the majority of groundfish species experienced declines in harvest volumes, landings of yellowtail flounder, redfish and cod recorded the most notable decreases due to lower fishing effort and, in the case of cod, a quota reduction in NAFO Division 4R.

Pelagic landings were down 6.3% to 58,616 tonnes in 2012. The landed value decreased 18.0% from 2011 to \$17 million in 2012. These declines were primarily the result of lower mackerel landings, which dropped 65.3% from 7,337 tonnes in 2011 to 2,545 tonnes in 2012, as the result of lower availability of fish.

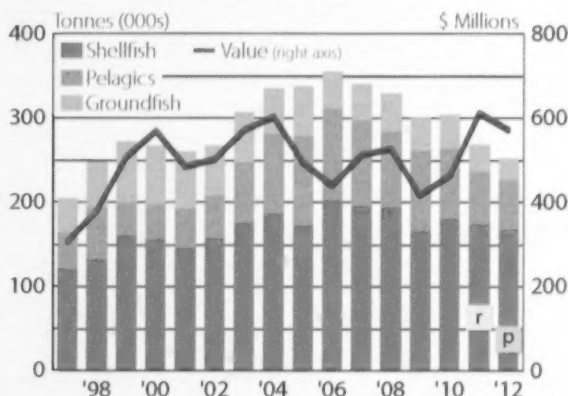
Restrictions on the sale of seal products continue to challenge this fishery. However, seal landings increased in 2012 compared 2011, due to an increase in harvesting effort. Landings in the province were up 78.2% in 2012, to 67,567 seals from 37,918 seals in 2011. The associated landed value more than doubled, reaching \$1.6 million compared to \$735,000 in the previous year.

### Processing and Marketing

In 2012, there were 100 active processing facilities in the province, down from 2011. Of these, 83 were primary facilities, 3 were secondary, 4 were aquaculture and 10 were retail. Total seafood production declined 4.7%, from 143,708 tonnes in 2011 to 136,961 tonnes in 2012. This decrease in production was the result of lower landings. There were seven processing plants designated as permanently closed in 2012.

Some of the province's seafood products are sold within the province, a portion is sold to other provinces, but the vast majority is exported to international markets. Newfoundland and Labrador continued to export significant volumes of seafood products globally in 2012. The province exported over \$766 million worth of seafood, down 11.0% from 2011. Persistent uncertainty in the global economic environment, unfavourable exchange rates, and lower market prices for a number of seafood products contributed to this decline.

### Capture Fishery Landings



r: revised; p: preliminary

Source: Fisheries and Oceans Canada; Department of Fisheries and Aquaculture

## Landings and Landed Value

Species	2011 Revised		2012 Preliminary		% Change	
	Volume (tonnes)	Value (\$000s)	Volume (tonnes)	Value (\$000s)	Volume	Value
Shrimp	86,813	\$188,920	85,583	\$191,588	-1.4%	1.4%
Snow Crab	52,951	\$250,978	50,514	\$217,140	-4.6%	-13.5%
Other Shellfish	34,590	\$71,133	31,618	\$69,513	-8.6%	-2.3%
SHELLFISH	174,354	\$511,030	167,715	\$478,240	-3.8%	-6.4%
Turbot	11,050	\$52,968	10,823	\$53,801	-2.1%	1.6%
Cod	9,746	\$11,228	8,139	\$9,390	-16.5%	-16.4%
Other Groundfish	11,002	\$17,695	6,659	\$15,818	-39.5%	-10.6%
GROUNDFISH	31,798	\$81,891	25,621	\$79,009	-19.4%	-3.5%
Capelin	30,166	\$5,387	31,145	\$6,860	3.2%	27.4%
Herring	24,863	\$6,523	24,871	\$6,525	0.0%	0.0%
Mackerel	7,337	\$7,232	2,545	\$2,525	-65.3%	-65.1%
Other	203	\$1,052	55	\$641	-72.9%	-39.1%
PEL/GICS	62,569	\$20,194	58,616	\$16,551	-6.3%	-18.0%
Sealr. (Number)	37,918	\$735	67,567	\$1,647	78.2%	124.0%
TOTAL	268,721	\$613,850	251,952	\$575,447	-6.2%	-6.3%

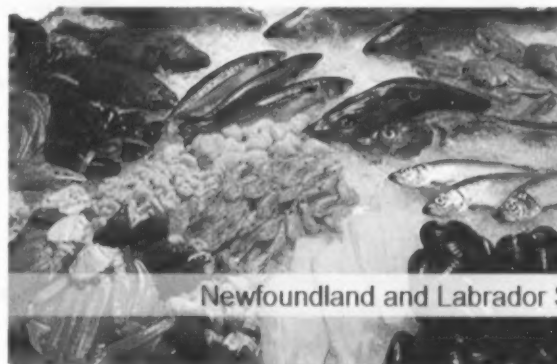
Source: Fisheries and Oceans Canada; Department of Fisheries and Aquaculture.

Note: Species components may not add to total due to independent rounding.

The United States continued to be the largest export market for Newfoundland and Labrador seafood in 2012, representing 33.2% of total international export value. China followed, representing 27.5% of export value. Other key markets, based on export value, included Russia at 7.3%, the United Kingdom at 7.1%, and Denmark at 4.9%. These top markets combined represented 80.0% of the province's value of international seafood exports.

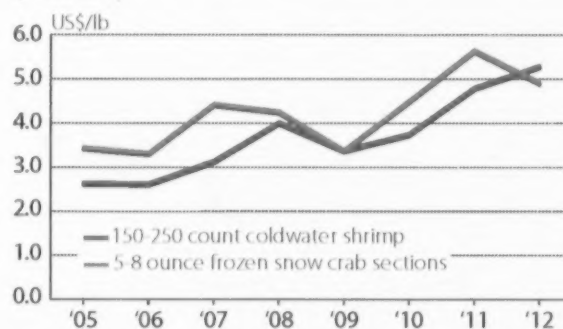
Newfoundland and Labrador producers exported approximately \$335 million worth of snow crab in 2012. This species accounted for the highest value of all Newfoundland and Labrador seafood exports. Market prices for snow crab have declined somewhat from the record levels reached in 2011; however, compared to prior years they remained elevated in 2012 (see chart). The average market price for 5-8 ounce sections was US\$4.93/pound in 2012, down approximately 12.9% from 2011.

The value of shrimp exports rose to over \$234 million in 2012. The average market price for 150-250 count shrimp was US\$5.30/pound, up 10.0% from the average of US\$4.82/pound in 2011.



Newfoundland and Labrador Seafood

### Average Shrimp and Crab Market Prices (Annual)



Source: Umer Barry Publications Inc.; Department of Fisheries and Aquaculture

## Aquaculture

In 2012, the production volume of the Newfoundland and Labrador aquaculture industry continued to grow. Aquaculture production rose 23.0% from 17,264 tonnes in 2011 to 21,228 tonnes in 2012 (see chart). This increase was driven by the continued growth of the salmonid sector and a rejuvenated mussel sector. Market value decreased 6.0% from \$120 million in 2011 to \$113 million in 2012. While production increased in both sectors, there was a considerable decline in market prices for cultured salmon, due to subdued demand from the United States. According to Urner Barry Publications Incorporated, the average market price for whole salmon was US\$2.43/pound in 2012, down from US\$3.35/pound in 2011.

Commercial production within the salmonid sector is focused on Atlantic salmon and steelhead trout. There were 84 commercial salmonid site licences issued in 2012 covering a combined area of 2,205 hectares. Salmonid production reached 16,831 tonnes in 2012, valued at \$99 million. This represents an increase in production of 18.0% over 2011 levels, but about an 11% decline in value due to lower market prices.

Commercial shellfish aquaculture production is concentrated on the blue mussel. There were 51 commercial shellfish site licences that cover a combined area of 3,843 hectares in 2012. Mussel production reached an all-time high in 2012. It increased by 1,397 tonnes to 4,397 tonnes valued at \$14 million. The industry pursued more diverse product forms and increased product penetration into new and existing markets.

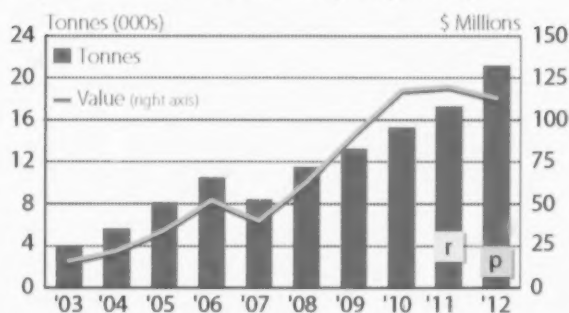
## Employment

Employment in the seafood industry has been in decline in the province for a number of years, primarily the result of industry rationalization. This trend continued in 2012 as overall employment was down 5.3% from 2011 to 20,079 people. Aquaculture hatchery and grow-out employment recorded a marginal decline of 0.8% to 467 workers in 2012, while the number of fish harvesters decreased 4.0% to 10,398 workers. Employment in the processing sector decreased 6.9% in 2012 to 9,214 workers.

## Fishery and Aquaculture Outlook 2013

- Fish landings are expected to remain on par with 2012, as anticipated quota reductions in some fisheries (such as snow crab and inshore shrimp) are offset by increases in other fisheries.
- Global seafood demand is expected to remain strong. The recovering U.S. economy will likely contribute to increased seafood consumption, and China's rising seafood imports will provide greater market opportunities for the Newfoundland and Labrador seafood industry.
- Market prices for snow crab should be favourable, as global supply of snow crab is expected to be lower than 2012.

## Aquaculture Production (all species)



r: revised; p: preliminary

Source: Department of Fisheries and Aquaculture



Salmonid Site

- ☐ The supply of coldwater shrimp has been declining globally in recent years. This, combined with the increased Autonomous Tariff Rate Quota for cooked and peeled shrimp to the EU, could positively impact the value of the Newfoundland and Labrador shrimp industry in 2013 and beyond.
- ☐ The global supply of lobster and cod may be higher, which could pose challenges for local producers.
- Aquaculture production is expected to rise again, due to expansion in the salmonid sector.
  - ☐ Salmon prices are expected to recover and increase relative to 2012.
  - ☐ Higher prices are expected to stimulate salmonid production, contributing to increased production value.
  - ☐ Mussel production and market value are expected to remain steady.

## Manufacturing

Manufacturing accounts for roughly 3% of GDP and 5% of total employment in Newfoundland and Labrador. There are many manufacturers in the province producing a wide variety of products, however most activity is concentrated in three major groups—food processing (mainly fish), newsprint and refined petroleum. There were 454 manufacturing firms registered in Newfoundland and Labrador in 2011, representing 2.7% of all registered businesses in the province.

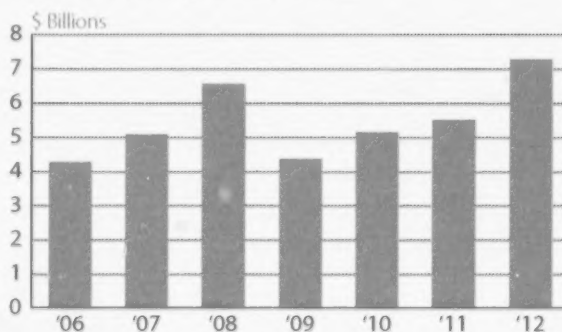
The value of provincial manufacturing shipments increased in 2012 mainly due to higher production of refined petroleum. Shipments rose to about \$7.3 billion, representing an increase of 32.0% compared to 2011 (see chart). Nationally, the value of manufacturing shipments rose 3.4% over the same time frame.

According to Industry Canada, the value of refined petroleum product exports from Newfoundland and Labrador rose significantly in 2012 compared to 2011. This increase was due to higher production at the province's only refinery located in Come By Chance. Harvest Operations Corp., owners of the North Atlantic refinery, performed a three-month maintenance turnaround which shut down production from May until mid-August in 2011. As a result, the volume of production at the refinery was up about 52% in 2012, and the value of sales



*Terra Nova FPSO at Marystown*

### Manufacturing Shipments



Source: Statistics Canada



increased about 44%. Capital expenditures at the refinery in 2012 totalled \$54.2 million, of which a portion was spent to complete a \$300 million debottlenecking project aimed at increasing product yield and improving the energy efficiency of the refinery. The project began in November 2010 and was completed at the end of 2012.

The value of manufactured fish products decreased in 2012 compared to the previous year, due to lower market prices for many species and a decline in the value of aquaculture production (see *Fishery* for details).

The estimated value of paper product shipments from Corner Brook Pulp and Paper Limited was up over 5.0% in 2012. This increase reflects, in part, less downtime due to maintenance (see *Forestry and Agrifoods* for details).

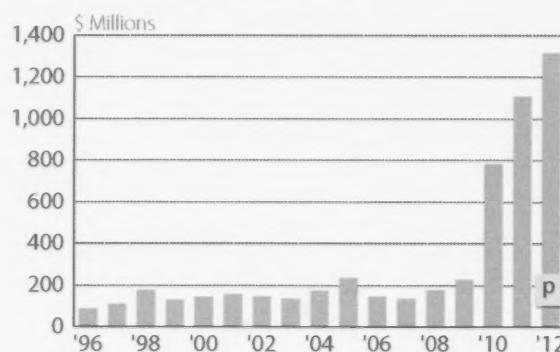
Manufacturing employment averaged 11,300 in 2012, an increase of 6.6% over 2011. Fish processing employment decreased by about 200, while employment in other manufacturing sectors increased by about 900. Some of this increase in employment was due to higher employment levels at the Marystown shipyard related to maintenance work on the *Terra Nova FPSO*.

Labour income in the manufacturing industry also increased last year—up 9.0% in 2012 compared to 2011. Wage gains, higher employment and changes in the composition of jobs in the industry (i.e. increased portion of manufacturing jobs that have a higher salary) all contributed to this growth.

Investment in manufacturing remained robust in 2012. Capital expenditures in manufacturing totalled about \$1.3 billion, up 18.8% from 2011 (see chart) of which the bulk was used to advance the development of Vale's US\$4.25 billion nickel processing plant in Long Harbour. Vale's capital expenditures on the project totalled US\$1.2 billion in 2012. The nickel facility is expected to boost the province's manufacturing shipments substantially when operational.

While the bulk of manufacturing activity is concentrated in large-scale commodity processing, advancements continue to be made in other segments of the manufacturing industry (those that produce smaller, more specialized products). Five research and development projects in the province's ocean technology, information technology and medical research sectors received nearly \$14 million in funds from the federal government in May 2012. These projects include firms such as Verafin (fraud detection software) and Bluedrop (e-learning).

### Manufacturing Investment



p: preliminary  
Source: Statistics Canada

### Manufacturing Outlook 2013

- The value of manufactured products is expected to increase mainly as a result of the commencement of production from the Long Harbour nickel plant.
- Vale is expected to begin operations at the Long Harbour nickel plant in the second half of 2013 using imported nickel matte.
- The manufacture of fish products is expected to benefit from an improvement in prices.
- Newsprint production and prices are expected to decrease compared to 2012.
- Manufacturing investment will remain high as construction activity related to the Long Harbour nickel processing plant continues. Expenditures of over \$1.2 billion are anticipated on the project this year.
- Harvest Operations Corp. anticipates spending approximately \$118 million on capital projects at the North Atlantic refinery.



## Construction

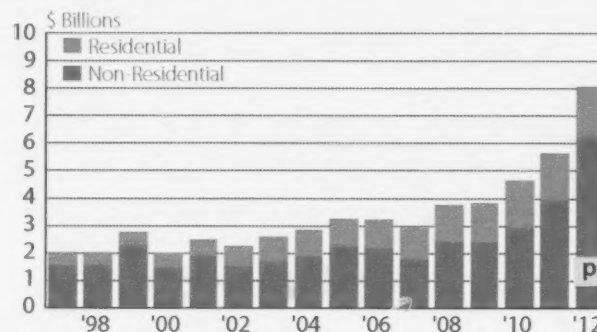
The construction industry has recorded significant growth over the past five years, with record investment, employment and wage levels again seen in 2012. Construction investment in Newfoundland and Labrador rose to \$8.1 billion in 2012, up 42.4% from 2011 (see chart). This represented the strongest growth in the country. Growth in construction expenditures was led by the private sector which accounted for 82.5% of construction spending. Resource-based major project activity played an important role in private sector spending. In addition, public sector investment in infrastructure (i.e. the Trans Labrador Highway, new student residences at Memorial University and a number of new long-term care facilities) supported growth.

### Construction Expenditures

Non-residential expenditures accounted for 77.4% of total construction investment in 2012. This sector reached almost \$6.3 billion in investment, up 57.8% from the record levels experienced in 2011 (see table). Expenditures were heavily concentrated in the mining and oil and gas extraction industries. Together they accounted for just under half of all construction investment in the province (see chart). While data on the distribution between mining and oil and gas was not available for 2012, it is estimated that about two-thirds (\$2.3 billion) of the spending in this category was attributable to oil and gas. Some of the contributors to investment in mining and oil and gas last year included expansion at current producing oil projects; site preparations at Bull Arm for the Hebron development; expansion at the Iron Ore Company of Canada; and development of direct shipping mines in Labrador.

Manufacturing investment also figured prominently in non-residential construction last year driven by upgrades at the oil refinery at Come By Chance and the construction of the Long Harbour nickel processing facility. Investment in the utilities industry reflected preparatory work for the Muskrat Falls project. The table lists the investment expenditures by industry for 2011 and 2012. The other category reflects a combination of industry data that was either not available due to suppression or was very small.

### Construction Investment



p: preliminary

Source: Statistics Canada

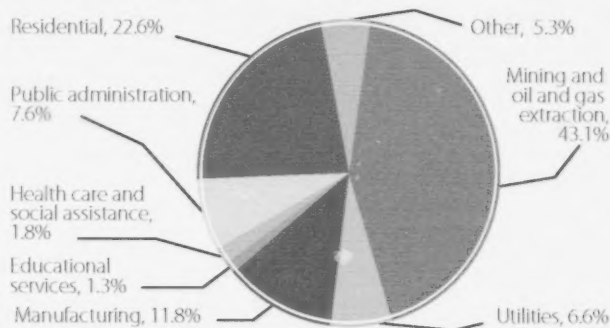
### Construction Investment by Industry (\$ M)

	2011	2012p	Actual Change	% Change
<b>Total expenditures</b>	<b>5,678.7</b>	<b>8,089.1</b>	<b>2,410.4</b>	<b>42.4%</b>
<b>Non-Residential</b>	<b>3,965.8</b>	<b>6,260.0</b>	<b>2,294.2</b>	<b>57.8%</b>
Mining and oil and gas extraction	2,077.1	3,485.9	1,408.8	67.8%
Utilities	222.2	531.5	309.3	139.2%
Manufacturing	514.4	958.4	444.0	86.3%
Educational services	125.6	102.9	-22.7	-18.1%
Health care and social assistance	130.5	142.3	11.8	9.0%
Public administration	565.1	612.3	47.2	8.4%
Other	330.9	426.7	95.8	29.0%
<b>Residential</b>	<b>1,712.9</b>	<b>1,829.1</b>	<b>116.2</b>	<b>6.8%</b>

p: preliminary

Source: Statistics Canada

### Construction Investment by Industry 2012



Source: Statistics Canada

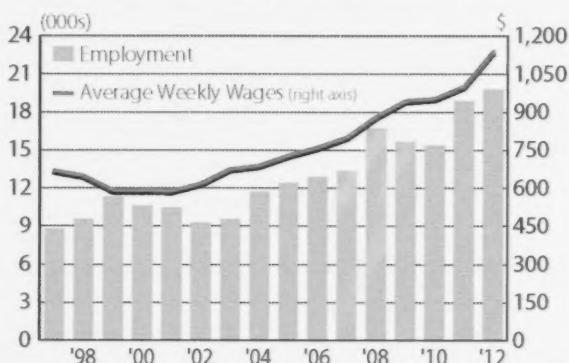
## Construction

Investment in residential construction remained strong in 2012, with investment rising to over \$1.8 billion, an increase of 6.8% over historically high levels of investment seen in 2011. Higher expenditures were seen both on new dwellings (+8.4%) and renovations (+8.6%). Higher expenditures directed toward new dwellings are consistent with the 11.4% increase in housing starts seen in 2012 (see *Real Estate*).

### Construction Employment and Wages

The recent strength in the construction industry has benefited construction workers. Construction wages have increased considerably over the last five years (see chart). Between 2007 and 2012 construction weekly wages in Newfoundland and Labrador increased by 42.0%. In 2012, average weekly earnings in the construction industry were \$1,139, the third highest among provinces after Alberta and Saskatchewan. This represents an increase of 13.7% compared with 2011, by far the highest growth seen in the country. Additionally, average employment in the construction industry increased by 4.8%, reaching the highest level ever recorded in the province. Major project development, combined with the strength in new home construction, significantly contributed to increased employment.

### Construction Employment and Wages



Source: Statistics Canada

### Construction Outlook 2013

- Construction investment is expected to post another strong performance with expenditures forecast to increase by 25.9% to reach \$10.2 billion.
- Non-residential construction spending is projected to increase 33.8%, driven by the continued advancement of major projects such as Muskrat Falls and the Hebron development.
- Residential investment is expected to total \$1.8 billion, on par with the record levels posted in 2012.
- Over \$36 billion in project spending is planned or underway in the province according to the Inventory of Major Capital Projects (see page 37).



Construction at Muskrat Falls

## Real Estate

The housing market in Newfoundland and Labrador was strong in 2012, supported by solid income growth and low interest rates. Housing starts and sales increased, and house prices reached new highs. Rental vacancy rates edged upward during the year but remained low in a historical context.

## Housing Starts

Housing starts totaled 3,885 units in 2012, an increase of 11.4% compared to 2011 (see chart). This was the highest figure in 36 years. By comparison, starts were down 3.0% in the Maritimes and up 10.8% in Canada.

A trend towards fewer single-detached starts (which, on average, accounted for about 80% of total starts in the province) and more multiple starts (which include denser housing types, such as row, semi-detached homes, apartments and condominiums) continued in 2012. Single-detached starts declined by 3.4% to 2,523 units, while multiple starts increased by 55.5% to 1,362 units, compared to 2011. In the St. John's Census Metropolitan Area (CMA) the increase in multiple starts was 39.1%. Some of the factors contributing to the increase in multiple starts include tight conditions in the rental market, increased affordability for certain product segments, and an aging population (a portion of which tend to downsize to condominiums or apartments in retirement).

Urban housing starts (which account for approximately two-thirds of housing starts in the province) were up 9.5% to 2,544 units last year, while rural starts were up 15.0% to 1,341 units.

## Residential Sales Activity and Prices

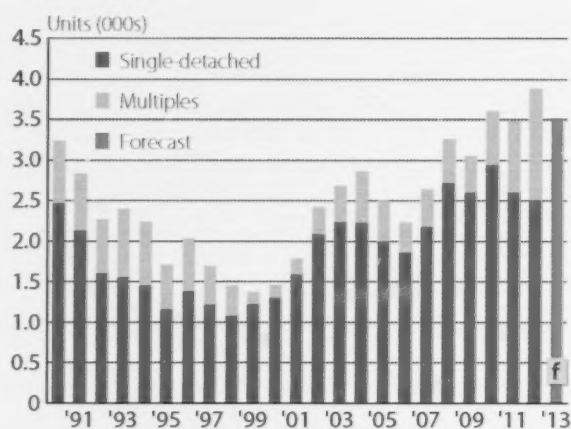
Residential sales activity and prices increased significantly in 2012. The number of residential properties sold in the province through the Canadian Real Estate Association's Multiple Listing Service® (MLS®) rose 3.8% to 4,650 units. Sales fell just short of the record high for the province set in 2008 (see chart). Sales activity was on par with 2011 for January through April, then rose by 61.5% in May and June before falling below the previous year's levels for the July to December period. The decline in sales for the last half of the year may be partially explained by tighter mortgage regulations announced in June 2012, aimed at cooling the housing market. Nationally, residential resales were down 1.1% in 2012 compared to 2011.

In 2012, the average MLS® residential price in the province was \$268,776, an increase of 6.8% compared to the 2011 figure. Nationally, the MLS® average resale price showed a 0.3% increase compared to 2011. In the St. John's CMA, the province's largest submarket, the average MLS® residential price in 2012 was \$285,529, an increase of 6.3% over the previous year.



Multiple Housing Units

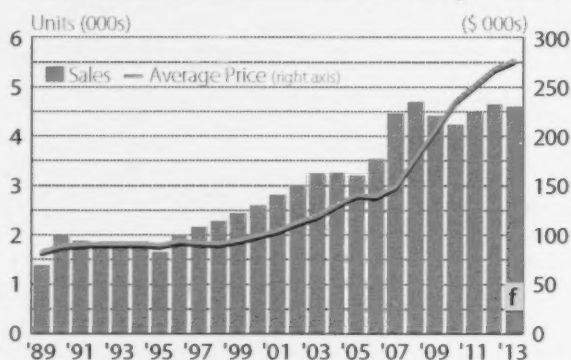
## Housing Starts



f: forecast

Source: Canada Mortgage and Housing Corporation; Department of Finance

## Residential MLS® Sales and Average Price



f: forecast

Source: Canadian Real Estate Association

## Affordability

Comparing house prices to household income is one commonly used indicator of housing affordability. Despite surging real estate prices, purchasing a home remains affordable in Newfoundland and Labrador relative to other major markets. The province still ranks near the middle when compared to other provinces (see table). In 2012, the cost of a home in Newfoundland and Labrador was 4.2 times the average family income in the province. Comparatively, this figure was 5.5 in Canada and averaged 3.2 in the Maritimes. In terms of price growth, the average residential home price in Newfoundland and Labrador increased by 157.5% between 2001 and 2012, well above the national figure (111.2%). This price growth was the third highest of the provinces, behind only Saskatchewan (180.9%) and Manitoba (164.3%). The weakest growth was seen in New Brunswick (67.9%), PEI (73.6%), and Nova Scotia (90.9%).

## Rental Market

Vacancy rates in urban areas in Newfoundland and Labrador edged up from 1.3% in October 2011 to 2.2% in October 2012 (see table). Despite the increase, rates remain historically low and among the lowest in Canada. In October 2012 vacancy rates were 1.0% in the Corner Brook Census Agglomeration (CA), 2.8% in the St. John's CMA, 0.5% in Gander and 1.1% in the Grand Falls-Windsor CA. Although vacancy rates are low, rents remain affordable compared to most of Canada. In October 2012, the average monthly rent for a two-bedroom apartment in Newfoundland and Labrador was \$725, up from \$701 in October 2011. The only provinces with lower rents were Quebec at \$681 and New Brunswick at \$707. It is expected that strong labour markets, in-migration, higher housing prices and revised mortgage regulations will continue to keep vacancy rates low and place continued upward pressure on rents.

## Real Estate Outlook 2013

- The residential real estate market is expected to remain at elevated levels.
- Housing starts are forecast at 3,520 units, down 9.4% from 2012.
- The Canadian Real Estate Association forecasts sales to decrease by 1.1% to 4,600. The residential resale price is expected to average \$276,400. If realized, this would be an increase of 2.8% from 2012.
- Mortgage rates are expected to remain at low levels.

## Housing Affordability Ratio

	2001	2005	2009	2011	2012
CA	4.0	5.1	5.3	5.8	5.6
BC	4.8	6.3	7.6	9.1	8.3
ON	3.9	4.8	5.0	5.4	5.5
QC	3.1	4.3	4.3	4.9	4.8
AB	4.1	4.8	4.7	4.6	4.6
NL	3.1	3.7	3.9	4.2	4.2
NS	3.1	3.8	3.8	4.0	4.0
SK	3.1	3.4	3.8	4.0	4.0
MB	2.4	3.1	3.5	3.9	3.9
NB	2.4	2.9	3.0	3.0	2.9
PE	2.2	2.6	2.7	2.8	2.8

Housing Affordability Ratio: average residential price to average family income ratio, \$2010

2011-2012 income estimated using 5-year historical growth rates

Source: Canadian Real Estate Association (CREA); Statistics Canada; Department of Finance

## Vacancy Rates and Average Rental Price

	Vacancy Rate		Average Rent*	
	11-Oct	12-Oct	11-Oct	12-Oct
CA	2.5%	2.8%	\$856	\$875
BC	2.4%	2.7%	\$1,050	\$1,073
AB	3.4%	2.0%	\$1,044	\$1,085
SK	1.9%	2.2%	\$913	\$957
MB	1.0%	1.6%	\$850	\$887
ON	2.2%	2.5%	\$1,002	\$1,033
QC	2.6%	3.0%	\$684	\$681
NS	2.7%	3.4%	\$882	\$909
NB	4.8%	6.9%	\$687	\$707
PE	2.9%	5.0%	\$745	\$787
NL	1.3%	2.2%	\$701	\$725

\*Average Rent presented on two-bedroom (new and existing structures)

Source: Canada Mortgage and Housing Corporation, Rental Market Survey (urban sample survey conducted twice annually)



## Travel and Tourism

### Global and National Travel

Travel and tourism worldwide reached record levels in 2012 despite concerns about the global economy (see *Global Economic Environment*). Worldwide international tourist arrivals grew by 3.8%, surpassing the one billion mark. Increases in arrivals were reported in most major areas with Europe and Asia accounting for most of the gains.

International travel to Canada increased slightly in 2012. The number of trips to Canada by non-residents was up by 1.0%, reflecting more visits from both the United States (U.S.) and overseas. The growth in the U.S. market came from overnight travellers and occurred despite a strong Canadian dollar. This was an encouraging performance as U.S. overnight visitation to Canada had generally been on a downward trend for nine years. Overseas, the only major market to post a decline in year-over-year trips to Canada was Europe, where the number of visitors dropped 1.9%. This decline reflected the impact of persistent economic uncertainty on consumers in this market and, in addition, the Summer Olympics held in London encouraged European tourists to travel within Europe last year.

### Provincial Travel

There are two components to the travel and tourism industry in the province—residents who travel within the province and non-residents who visit the province. Together, both segments of the industry resulted in an estimated \$1 billion in spending in 2011, the latest year for which resident tourist activity is available. The resident market is a substantial component of the province's tourism sector, representing about 58% of total tourism spending in 2011. The export dollars of non-resident visitors are important in generating economic wealth in Newfoundland and Labrador and stimulating business growth and employment in every region throughout the province.

The Newfoundland and Labrador travel and tourism industry continued to perform well in 2012. The number of non-resident visitors grew by an estimated 9.9% to 504,400 on the strength of increases in the number of air and cruise visitors (see table). Newfoundland and Labrador outperformed all other Atlantic Provinces with respect to growth in overall airport passenger movements and was the only province to record an increase in accommodation room night sales.

Air travel is the largest segment of the province's non-resident tourism sector, accounting for approximately 71% of visitors and 78% of spending in 2012. The number of air visitors increased by 7.0% last year to about 359,100. Air passenger traffic at the province's seven major airports has been boosted in recent years by additional non-stop seat capacity and extended air services. Inbound direct seat capacity grew by 2.1% in 2012 for a net gain of nearly 23,000 seats over 2011. The increase was mainly driven by domestic flights, although expanded capacity has also been noted for flights from the U.S. and other international destinations. Since 2009, the number of inbound direct seats to the province has grown by about 16% or almost 154,000 seats.

Intra-provincial seat capacity grew by an estimated 10.6% in 2012. This followed growth of 5.5% in 2011. The increase in 2012 was almost entirely driven by capacity growth to Labrador (i.e. Happy Valley-Goose Bay and Wabush) which was up over 27%. Business travel associated with major project development in Labrador is driving capacity growth on these regional routes.

#### Non-Resident Visitors

	2011	2012	Actual Change	Percent Change
Visitors	459,100	504,400	45,300	9.9
Air	335,600	359,100	23,500	7.0
Auto	108,100	106,200	-1,900	-1.7
Cruise	15,400	39,100	23,700	153.4
Spending (\$ M)	\$424.4	\$457.0	\$32.6	7.7
Air	\$327.0	\$357.2	\$30.2	9.2
Auto	\$96.1	\$96.4	\$0.3	0.3
Cruise	\$1.3	\$3.4	\$2.1	161.5

Note: Actual and percent change are based on unrounded estimates.

Source: Department of Tourism, Culture and Recreation

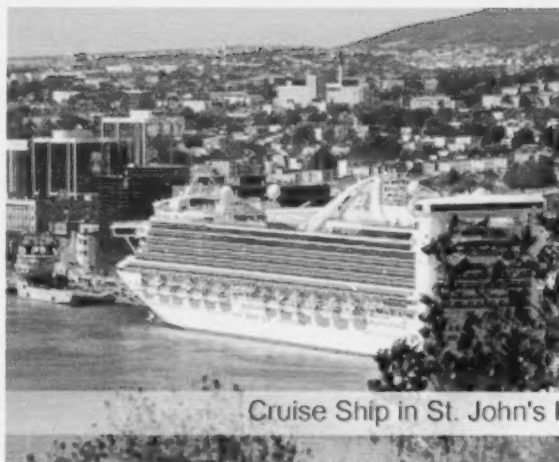
The province welcomed record numbers of cruise passengers in 2012. Preliminary estimates indicate that there were about 39,100<sup>1</sup> unique cruise visitors in 2012, up from about 15,400 in the previous year and the highest level on record. St. John's and Corner Brook, the province's two largest cruise ship ports, both recorded increases in cruise ship activity. In fact, Corner Brook reported record-breaking cruise activity in 2012 with passenger and crew visits surpassing its own previous best season, posted in 2007, by 30%. This performance can be attributed in part to more aggressive promotion of the city as a port of call.

Non-resident automobile visitation continued to decline in 2012, despite Marine Atlantic's efforts to improve the transportation service between the province and Nova Scotia. Automobile visitation declined by 1.7% last year to an estimated 106,200 with declines being realized in all auto markets (i.e. Maritimes, Ontario, Quebec, other Canada and U.S.). Although the number of visitors declined, spending estimates of those who did visit posted a small increase last year (0.3%) due to higher prices for many travel related products and services. Travelling by auto continues to be challenged by many factors, including increasing ferry rates and associated fuel surcharges, high gasoline prices, unexpected downtime in ferry schedules, and the competing convenience of air travel.

Accommodation indicators suggest that 2012 was another solid year for the accommodation industry, although performance varied by region. There was a slight increase in the number of room nights sold (up by 0.2% compared to 2011). The provincial occupancy rate reached 50.9% in 2012, up slightly from 50.7% for the previous year. Gains in occupancy rates in the Labrador (up 7.3 ppt.) and the Avalon (up 1.2 ppt.) regions offset losses in the Eastern (down 0.2 ppt.), Central (down 1.1 ppt.) and Western (down 1.8 ppt.) regions. Preliminary data also indicate an increase of 5.2% in the provincial average daily accommodation room rate. Demand for accommodation services has increased in the province over the last decade or so in tandem with a growing economy. In particular, accommodation activity in the St. John's Metropolitan area has increased substantially. This topic is discussed in the special inset in this section.

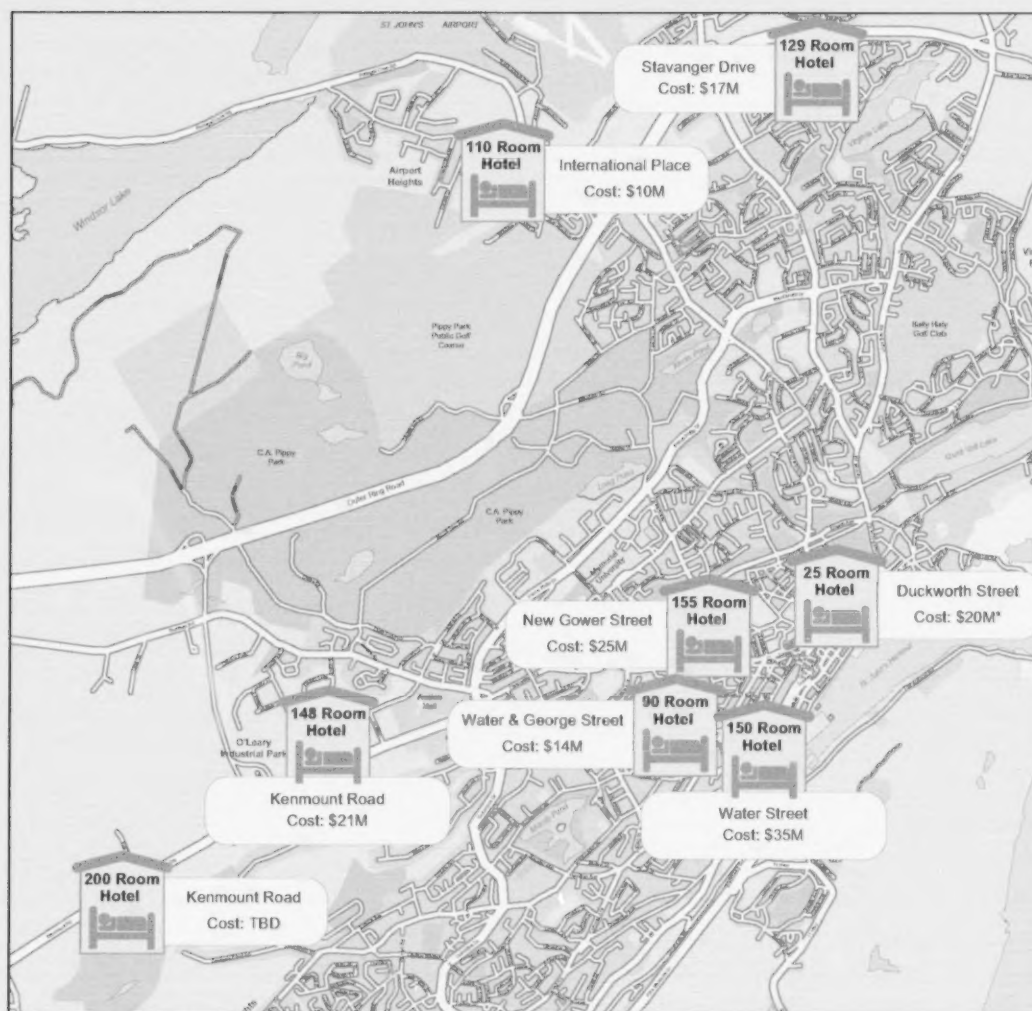
The major meeting and convention market (those events booking 50 or more guest rooms per night) in the St. John's Metropolitan Area posted a decline in 2012. The number of events hosted by the region dropped from 104 in 2011 to 90 events last year. The number of room nights sold for the events was roughly 32,300, down 27% from 2011. Despite the fewer number of events, the number of delegates dropped by only 3% as the average size of the events was somewhat larger than in 2011. The large meeting market can be cyclical at times and this may be one of the reasons for the decline in performance last year.

Advanced technologies continue to impact how the province is marketed to travellers. Visitors now have a digital travel guide to show them around the province. Newfoundland and Labrador Tourism launched the new Travel Guide iPhone mobile application (app) last year. The app is an extensive, complete and current source of provincial travel information and includes smart searching and location features for tourism services. It also provides users with access to the latest blogs and social media postings. The app can be downloaded from: [www.newfoundlandlabrador.com/PlanYourTrip/MobileApp](http://www.newfoundlandlabrador.com/PlanYourTrip/MobileApp)



Cruise Ship in St. John's Harbour

<sup>1</sup> This figure is a Department of Tourism, Culture and Recreation estimate based on a review of itinerary information. This estimate counts passengers only once regardless of the number of ports visited. This should be distinguished from "cruise ship passenger visits", which is the industry standard, whereby passengers are counted at each port call made by their vessel.



\* Cost estimate includes condominiums

### Hotel Projects in the St. John's CMA

The provincial accommodations sector has posted strong indicators over the past decade with increased occupancy rates and room night sales. This trend is particularly evident in the St. John's Census Metropolitan Area (CMA), the largest urban area in the province.

The number of room nights sold by accommodation facilities in the St. John's CMA has increased considerably since 2003. In 2012, over 600,000 room nights were sold generating estimated revenue of almost \$81 million. This represented an estimated 45% of the room nights sold in the province and 49% of the associated revenue. The number of room night sales has grown by about 42% since 2003 or 3.9% annually. This growth in demand for accommodation services flows from increased recreational and business travelers as well as the general overall strength in the provincial economy.

This activity has prompted considerable investment in hotel facilities. The map indicates eight hotel projects in the St. John's area which will either open or be under development in 2013. Total investment is estimated to be between \$150 and \$200 million. If these projects proceed as planned they will provide an estimated 1,000 rooms and could boost accommodation capacity by about 40% over the next several years.

Over 54,000 enquiries for provincial travel-related information from all sources (i.e. web, e-mail, telephone) were reported in 2012. In addition, approximately 1.5 million visits were registered at the province's tourism website during the period. Together, this represents an increase of about 25% compared to 2011.

### Travel and Tourism Outlook 2013

- Global international tourist travel is forecast to increase by between 3% and 4%, despite ongoing economic challenges. Growth is expected to be widespread.
- The Conference Board of Canada expects overnight visits to Newfoundland and Labrador (international and domestic) to increase by 1.4%, the highest growth rate among the Atlantic Provinces.
- Air travelers will continue to benefit from increased capacity. Business air travel should be particularly strong in 2013.
  - St. John's International Airport expects an increase of 2.5% to 3.0% in passenger travel.
- There are 86 port calls tentatively booked for the 2013 cruise season, with more expected as cruise lines finalize itineraries.
- Preliminary bookings for major meetings and conventions in the St. John's area are up 20% over 2012 levels. The expansion of the St. John's Convention Centre bodes well for future event capacity.
- Non-resident automobile travelers could continue to be negatively impacted by volatile gasoline prices, as well as increased ticket rates for ferry services.
- Resident tourism is expected to benefit from strong growth in provincial employment and personal disposable income.

## Lower Churchill Project

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### Muskrat Falls: Our project, our benefits

The development of the Lower Churchill Project will provide significant long-term benefits to the province of Newfoundland and Labrador through the generation and transmission of clean, renewable energy. In addition, the development of the hydroelectric potential of the lower Churchill River and the transmission link to the island will provide employment and business opportunities to Newfoundlanders and Labradorians during construction.

Electricity generated at Muskrat Falls will power homes and businesses across Newfoundland and Labrador with clean, renewable energy for generations to come. This new source of power will help meet the province's growing energy demands with stable electricity rates well into the future, and will be a valuable power-producing asset for more than 100 years.

The Muskrat Falls Project includes construction of an 824 megawatt hydroelectric dam on the lower Churchill River in Labrador, and more than 1,500 kilometres (km) of associated transmission lines.

With the sanction of the Muskrat Falls Project by the Government of Newfoundland and Labrador in late 2012, procurement and employment benefits from the project are already being realized across the province. Construction is underway and will take approximately five years to complete.

This development will generate economic benefits in every corner of the province, including \$1.9 billion in income to labour and business, with approximately \$500 million in income to labour and business to be earned



by Labradorians and Labrador-based businesses. The provincial economy will also benefit from employment associated with building the Muskrat Falls Hydroelectric Generating facility and the transmission links, with 9,100 person-years of direct employment, including 5,800 person-years in Labrador.



### Employment Benefits and Profile

An average of 1,500 jobs in more than 70 trades and occupations will be required each year during construction (2013-2017). Direct employment is expected to peak with an average of 3,100 jobs in 2015. Employment will occur in steady numbers, month over month, year over year.

The provincial economy will benefit significantly from employment associated with the construction activity from the project.

Employment benefits from the construction of the Muskrat Falls Project include:

Newfoundland and Labrador (NL)	Phase One (Muskrat Falls)
Direct employment in NL (person-years) <sup>1</sup>	9,100
Direct employment occurring in Labrador (person-years) <sup>1</sup>	5,800
Total employment in NL (direct, indirect and induced) (person-years) <sup>1</sup>	23,300
Total employment in Labrador (direct, indirect and induced) (person-years) <sup>1</sup>	8,000
Peak employment <sup>2</sup>	3,100 jobs
Employment after construction in NL	80 direct full-time jobs
Employment after construction in Labrador	More than 40

<sup>1</sup> One person-year represents 2,000 hours of work per year – the equivalent of someone working 40 hours per week, for 50 weeks.

<sup>2</sup> Average in 2015

## Hiring Protocol

Guiding the development of the Lower Churchill Project is a Benefits Strategy between Nalcor Energy and the province of Newfoundland and Labrador. The Benefits Strategy ensures the people of Newfoundland and Labrador will be the primary beneficiaries of the Lower Churchill Project and establishes a hiring protocol for the project. Commitments made in the Impacts and Benefits Agreement with the Innu Nation are a priority, followed by consideration of employment for qualified residents of Newfoundland and Labrador. For the generation portion of the project, qualified residents of Labrador will have priority, followed by residents of Newfoundland, then Canada and finally, foreign workers.

To learn more about employment opportunities with the Muskrat Falls Project visit Nalcor's online job database at [www.muskratfallsjobs.com](http://www.muskratfallsjobs.com)

## Economic Benefits

The construction of Muskrat Falls will also mean significant economic benefits for Newfoundland and Labrador, including:

Newfoundland and Labrador (NL)	Phase One (Muskrat Falls)
Total income to labour and business	\$1.9 billion
Income to business and labour earned by Labradorians and Labrador-based businesses	\$500 million
Average income benefits per year	\$320 million
Taxes to provincial government	\$290 million

Once the project is in operation, the development of Muskrat Falls will mean:

- ☐ Long-term stable electricity rates for generations of Newfoundlanders and Labradorians
- ☐ Lowest-cost power for homes and businesses
- ☐ An end to dependence on oil and unstable electricity prices
- ☐ Energy for future mining and industrial development in the province
- ☐ A link to North America's electricity grid for exports
- ☐ Clean, renewable power – 98% sustainable energy

The people of Newfoundland and Labrador will be the owners of a valuable power-producing asset, rather than paying foreign companies for expensive oil. Money that would otherwise go outside the province to pay large oil companies for fuel to generate electricity will stay in the hands of Newfoundlanders and Labradorians.

Muskrat Falls will also provide a link to North America's electricity grid, and an avenue to generate revenue for the province from the export of electricity not required to meet the province's domestic power needs.

*Submitted by: Nalcor Energy*

## Muskrat Falls Project Labour Requirements Average Number of Jobs per Year: 2013-17

	2013	2014	2015	2016	2017
Management	34	56	79	45	19
Business Support Services & Administration	148	169	176	144	72
Engineering & Geosciences	126	146	188	120	45
Technologists & Technicians	102	112	126	99	64
Researchers & Scientists	13	10	10	7	4
Inspectors	35	61	89	40	9
Site Services	110	242	344	216	90
Truck Drivers	69	73	99	43	14
Logging, Forestry & Mining	78	103	95	37	1
Heavy Equipment & Crane Operators	194	210	335	176	29
Structural Trades	35	93	162	61	11
Electrical Trades	59	232	440	313	81
Construction Labourers	219	278	464	257	34
Carpentry Trades	59	150	314	155	27
Other Trades	35	35	51	29	5
Mechanical Trades	84	122	215	158	55
<b>Totals</b>	<b>1,400</b>	<b>2,091</b>	<b>3,186</b>	<b>1,898</b>	<b>557</b>

Note: Figures contained in the above table are forecasted requirements and subject to change. Effective March 2013.

## Inventory of Major Capital Projects

The inventory of major projects provides information on capital projects and spending programs in Newfoundland and Labrador valued at \$1 million or more. The list includes both public<sup>2</sup> and private projects that are either continuing or beginning in the current year. In many cases the capital spending figure quoted includes spending from previous years. The inventory was prepared between January and mid-March 2013.

According to this year's inventory, over \$36 billion in major capital spending is planned or underway in the province. The Mining, Oil and Gas category tops the list at about \$20 billion (see table). The Hebron oil project is the single largest item in the category with a total estimated cost of \$14.0 billion. Utilities is the second largest category in the listing (the Muskrat Falls project is the largest project in this category). Industrial/Manufacturing is third in size, mainly reflecting the nickel processing facility at Long Harbour. Public sector spending is also significant in the listing as evidenced by figures in categories such as Transportation, Municipal Infrastructure, Health Care/Personal Care and Education.

The listing on the following pages is organized by project type (e.g. Commercial, Health Care/Personal Care, Transportation). Key information is included, such as project name, capital cost, start and end date, and description. When possible geographic information is also provided, including community and economic zone. Readers can find a map illustrating the location of each economic zone in the province on page 53.

An asterisk (\*) by a project name denotes that the project has a start and end date on a fiscal year

<sup>2</sup> Readers will note that in some project descriptions government is identified as a source of funding. This reference, in most cases, is based on information provided by the project's proponent and should not be interpreted as an announcement by government of funding approval. Readers should also note that while every effort has been made to identify projects and research information, this list is not exhaustive. The information was gathered at one point in time and in some cases protecting the requested confidentiality of information has prohibited the publishing of projects. Readers should not base investment or business decisions on the information provided.

### Major Projects (\$ Millions)

Mining and Oil & Gas	20,276.4
Utilities	6,417.8
Industrial/Manufacturing	4,389.4
Residential	1,137.2
Municipal Infrastructure	1,005.1
Transportation	962.5
Health Care/Personal Care	820.9
Other Investment	470.5
Tourism/Culture/Recreation	396.7
Commercial	361.6
Education	322.4
Agriculture/Fishery/Forestry	62.1
<b>Total</b>	<b>36,622.6</b>

Note: Some projects contain ranges for their capital cost. In these cases, the mid-point of the range was used in the summations above. Capital costs for some projects were not available. As a result, their cost is not reflected in the table above.



New Placentia Bridge



Torngasok Cultural Centre

## Inventory of Major Capital Projects

basis (e.g. start/end denoted as 2013 refers to the project starting and ending in fiscal year 2013-14; start/end denoted as 2013/2014 refers to the project starting in fiscal year 2013-14 and ending in fiscal year 2014-15). All other years are reported on a calendar year basis. Abbreviations used include TBD (to be determined) and NA (not available).

The major project listing is also available on the Economic Research and Analysis Division's website ([www.economics.gov.nl.ca](http://www.economics.gov.nl.ca)) in a searchable database. The online database includes search capabilities by Industry, Community and Economic Zone. As well, there is a feature that allows readers to help identify projects for future lists.

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
<b>Agriculture/Fishery/Forestry</b>				
Aquaculture Operation	38.6	2009/2016	13	Gray Aqua Group Ltd. - establishment of a 20-site aquaculture operation consisting of 16 salmon sites and four trout sites. As well, the construction of a processing plant in Hermitage. Partial funding from ACOA and the provincial government. (Bay d'Espoir, Hermitage)
Foreign Animal Disease Laboratory*	3.2	2012/2013	19	Establishment of a foreign animal disease laboratory and biomedical waste incinerator to help manage the risks of animal diseases that pose threats to industry or human health. Provincial and federal funds. (St. John's)
Forest and Agriculture Access Roads*	5.9	2013/2013	Various	Construction of access roads on Crown land. Provincial funds. (Various)
Harbour Development*	5.6	2013/2013	Various	Fisheries and Oceans Canada - Small Craft Harbours program. An ongoing program consisting of the repair, maintenance and development of active fishing harbours. Federal funds. (Various)
Salmon Aquaculture Operation	2.0	2013/2013	13	Northern Harvest Sea Farms Newfoundland Ltd. - annual expenditures in marine improvements to support salmon farming operations. (Connaigre Peninsula)
Wharves*	5.8	2013/2013	13	Funding for reconstruction of the aquaculture wharf in Milltown; an extension to the Pool's Cove wharf that was constructed in 2011/12; and construction of a new aquaculture inflow wharf in Harbour Breton. Provincial and federal funds. (Harbour Breton, Milltown, Pool's Cove)
<b>Commercial</b>				
Business Park	95.0	2012/2018	19	KMK Capital Inc. - construction of the Field Power Centre, a 50.44-acre retail and industrial development located off Torbay Road. (St. John's)
Car Dealership	NA	2012/2013	19	City Honda - three-phase expansion and renovation of the existing City Honda dealership on Kenmount Road. (St. John's)
Commercial Building	4.0 - 5.0	2013/2015	19	Baine Johnston Properties Ltd. - construction of a new retail development, including a furniture superstore, to be located on East White Hills Road. (St. John's)
Commercial Building	5.5	2013/2013	11	Construction of a new Home Hardware store featuring retail and warehouse space. (Springdale)
Commercial Building	2.1	2013/2013	19	North Shore Roofing - construction of a 21,000 sq. ft. pre-engineered building at Bremigans Boulevard. (Paradise)



## Inventory of Major Capital Projects

Project	Capital Cost (\$M)	Start/ End	Zone	Comments (Location)
Commercial Building	1.6	2012/2013	19	B and B Sales Limited - construction of a commercial distribution centre with warehouse, office and showroom space on Kenmount Road. (Paradise)
Commercial Building	3.4	2012/2013	19	North Atlantic Marine Supplies & Services Inc. - construction of a 30,000 sq. ft commercial building on Kenmount Road. (Paradise)
Commercial Building	1.9	2013/2013	19	64054 Newfoundland and Labrador Inc. - construction of a 12,000 sq. ft. commercial building with office and warehouse space on Kenmount Road. (Paradise)
Commercial Building	10.0	2013/2013	19	Target - renovation and conversion of the former Zellers store located at Cabot Square on Stavanger Drive into a new Target store. (St. John's)
Commercial Building	10.0	2013/2013	8	Target - renovation and conversion of the former Zellers store located at the Corner Brook Plaza into a new Target store. (Corner Brook)
Commercial Development	10.1	2012/2013	19	East Port Properties Limited - construction of two warehouse buildings measuring 37,800 and 46,000 sq. ft. on Beclin Road. (Mount Pearl)
Commercial Development	5.0	2013/2014	19	59931 Newfoundland & Labrador Limited - construction of a building housing commercial space on the ground floor and residential units on the upper floors. Located on Harvey Road. (St. John's)
Commercial Development	65.0	2011/2014	19	East Port Properties Limited - demolition of a former department store in downtown St. John's and construction of a new building that will include 182,000 sq. ft. in office and retail space as well as 445 parking spaces. The City of St. John's is contributing \$5 million towards parking spaces. (St. John's)
Commercial Development	20.0	2013/2013	17	Veterans Memorial Business Park - development of a 241-acre business park which will include retail, commercial and industrial space. To be located near Spaniard's Bay on the intersection of Route 73 and Route 70. Capital costs are for infrastructure development in 2013. (Spaniard's Bay)
Commercial Development	30.0	2010/2015	19	Bristol Court Inc.- construction of five commercial buildings each measuring 30,000 sq. ft. To be located on Kelsey Drive. (St. John's)
Commercial/Light Industrial Park	10.0 - 12.0	2012/2014	19	Metcalfe Holdings Ltd. - development of a new commercial/light industrial park adjacent to Fowler's Road. Project is currently in the first of two phases. (Conception Bay South, St. John's)
Office Building	1.0	2013/2013	2	55892 Newfoundland & Labrador Limited - construction of a two-storey, 8,000 sq. ft. professional office building at Tamarack Drive. (Labrador City)
Office Building	10.0	2013/2015	19	Monarch Development Inc. - construction of a 40,000 sq. ft. LEED certified office building at the corner of Portugal Cove Road and Major's Path. (St. John's)
Office Building	50.0	2011/2013	19	Fortis Properties Corporation - construction of a 12-storey, 152,000 sq. ft. Class A office building with 261 parking spaces located at the corner of Springdale Street, New Gower Street and Hamilton Avenue. (St. John's)

## Inventory of Major Capital Projects

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Office Buildings	8.0	2011/2014	19	Karamar Holdings Limited - construction of two four-storey office buildings to be located on Kelsey Drive. The buildings will total 80,000 sq. ft. (St. John's)
Office Complex*	2.5	2013/2014	1	Nunatsiavut Government - construction of the Makkovik Office Complex. Will consist of 17 offices, a dental clinic and daycare facility. (Makkovik)
Restaurants	12.0	2012/2013	19	Harbour Walk Hospitality Group Inc. - construction of a two-storey, 16,000 sq. ft. building on the St. John's waterfront. Will house two new restaurants. (St. John's)
Tank Farm	3.0	2011/2013	19	Pardy's Holdings Limited - construction of an enclosed tank farm to store water-based drilling mud. Partial federal funding. (Mount Pearl)
<b>Education</b>				
Building Expansion	6.8	2012/2013	19	Memorial University of Newfoundland - construction of a single storey extension to the S.J. Carew Building. Extension will provide 1,000 sq. metres of usable office space. (St. John's)
Building Renovation	16.5	2013/2023	19	Memorial University of Newfoundland - renovation of the previous Battery Hotel to increase space for university business and activities. (St. John's)
Campus Maintenance*	10.0	2013/2013	8, 19	Annual maintenance of various Memorial University of Newfoundland buildings. Provincial funds. (Corner Brook, St. John's)
Faculty of Medicine Expansion*	21.8	2009/2013	19	Expansion to the existing Faculty of Medicine at Memorial University of Newfoundland to accommodate an increase from 60 to 80 students and enhancement to programs. Provincial funds. (St. John's)
Infrastructure for Cold-Water and Deep-Sea Research*	20.6	2010/2013	19	Memorial University of Newfoundland - creation of facilities for the study of cold-water and deep-sea organisms, infectious diseases affecting marine animals, invasive aquatic species and ecosystems at the Ocean Sciences Centre. The funding will be used for the construction of new buildings, laboratories, research facilities and equipment. Primarily funded by the provincial and federal governments. (Logy Bay-Middle Cove-Outer Cove)
Laboratory Upgrades*	4.9	2013/2013	8, 19	Laboratory upgrades at Memorial University of Newfoundland. Provincial funds. (Corner Brook, St. John's)
Renovations to Student Residences*	45.5	2007/2015	8, 19	Renovations to existing student residences at Memorial University's St. John's and Grenfell campuses. Total anticipated expenditures of \$8.7 million for the 2013/14 fiscal year. Provincial funds. (Corner Brook, St. John's)
Research Facility*	7.0	2010/2013	19	Construction of the Centre for Arctic Resource and Development (CARD) at C-Core. CARD is being developed to conduct medium-term to long-term research and development to improve the capacity and capability of hydrocarbon development in the Arctic and ice/iceberg prone regions. Expected expenditures of approximately \$4.0 million in 2013/14. Provincial contributions. (St. John's)

## Inventory of Major Capital Projects

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Residences*	88.3	2008/2013	8, 19	Construction of new student residences at Memorial University's St. John's and Grenfell campuses. Projected expenditures of \$13.7 million for the 2013/14 fiscal year. Provincial funds. (Corner Brook, St. John's)
School Construction and Renovations*	101.0	2013/2013	Various	Various activities including new school construction, renovations, extensions and major maintenance projects. Provincial funds. (Various)
<b>Health Care/Personal Care</b>				
Diagnostic Imaging Space*	29.8	2009/2015	19	Construction of space to accommodate a new Positron Emission Tomography (PET) scanner and to co-locate the PET/Cyclotron and nuclear medicine services in a single location. Provincial funds. (St. John's)
Emergency Department Redevelopment*	4.1	2009/2013	19	Redevelopment of the Emergency Department at St. Clare's Mercy Hospital. Provincial funds. (St. John's)
Facility Expansion	2.5	2013/2013	19	Iris Kirby House Inc. - expansion of a women's crisis shelter facility to increase the number of emergency beds. Partial provincial and federal funding. (St. John's)
Health Care Facilities*	60.2	2013/2013	Various	Expenditures for renovations and upgrades to existing health facilities. Includes \$40.2 million for equipment purchases. Provincial funds. (Various)
Health Centre*	90.0	2007/2013	2	Construction of a new Labrador West Health Centre to replace the existing Captain William Jackman Memorial Hospital. Also includes space for community-based health services. Provincial funds. (Labrador City)
Health Centre*	8.4	2007/2013	6	Construction of a new health centre to replace the existing Strait of Belle Isle Health Centre. Provincial funds. (Flower's Cove)
Health Centre*	TBD	2010/ TBD	16	Construction of a new facility to provide primary health care services to residents of the Burin Peninsula North area. Provincial funds. (Boat Harbour)
Health Centre*	Pending Planning and Engineering	TBD	11	Construction of a new health centre to replace the existing Green Bay Health Centre. Provincial funds. (Springdale)
Health Centre*	2.2	2011/2013	14	Construction of a new health centre to replace the existing Glovertown Health Centre. Provincial funds. (Glovertown)
Hospital*	227.0	2013/2015	8	Expenditures reflect three-year funding to advance the construction of a new regional hospital to replace the existing Western Memorial Regional Hospital. Provincial funds. (Corner Brook)
Hospital Redevelopment*	30.1	2009/2013	12	Renovations and redevelopment of the Central Newfoundland Regional Health Centre. Provincial funds. (Grand Falls-Windsor)
Long-Term Care Home*	150.0	2008/2013	19	Construction of a new long-term care home to replace the existing Hoyle's Escasoni Complex. Provincial funds. (St. John's)
Long-Term Care Home and Ambulatory Care Redevelopment*	108.2	2009/2014	17	Construction of a new long-term care home and funding for the redevelopment of the ambulatory care area at Carbonear General Hospital. Provincial funds. (Carbonear)

## Inventory of Major Capital Projects

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Long-Term Care Home and Dementia Bungalow*	29.9	2006/2013	14	Construction of new space for 63 residents, including a 12-bed protective care facility, as well as the development of clinical space for laboratory and x-ray services and an after-hours clinic. Provincial funds. (Lewisporte)
Long-Term Care Home Redevelopment*	2.9	2012/2013	8	Redevelopment of vacant wing to provide restorative care services. Provincial funds. (Corner Brook)
Mental Health Facility*	Pending Planning and Engineering	TBD	19	Construction of a new mental health facility to replace the existing Waterford Hospital. Provincial funds. (St. John's)
Protective Care Residence*	2.3	2013/2013	15	Construction of a 12-bed protective care facility to accommodate residents with mild and moderate dementia. Provincial funds. (Clareville)
Protective Care Residence*	2.3	2010/2013	15	Construction of a 12-bed protective care facility to accommodate residents with mild and moderate dementia. Provincial funds. (Bonavista)
Research Centre*	37.0	2009/2013	19	Construction of an interdisciplinary research centre in human genetics at Memorial University of Newfoundland. Includes an \$11.2 million contribution from the Canadian Foundation for Innovation. (St. John's)
Treatment Centre for Adults with Addictions*	8.9	2010/2014	17	New treatment centre for adults with addictions. Provincial funds. (Harbour Grace)
Treatment Centre for Children and Youth with Complex Mental Health Needs*	12.4	2009/2013	19	Construction of a new treatment centre for children and youth with complex mental health needs. Provincial funds. (Paradise)
Treatment Centre for Youth with Addictions*	12.7	2009/2013	12	Construction of a new treatment centre for youth with addictions. Provincial funds. (Grand Falls-Windsor)
<b>Industrial/Manufacturing</b>				
Building Refurbishment*	5.0	2013/2013	8	Corner Brook Port Corporation - conversion of the former gypsum processing plant to a mixed use industrial facility. Partial federal/provincial funds. (Corner Brook)
Capital Expenditures	118.0	2013/2013	15	North Atlantic Refining Ltd. - ongoing capital expenditures. (Come By Chance)
Concrete Operation Expansion	6.0	2011/2013	2	H & H Enterprises Ltd. - expansion of a concrete products operation. Will involve the construction of a new building, development of pre-casting operations, a crushing operation to supply aggregates to the plant and the acquisition of new trucks, equipment, dust collection system and air filtration system. (Wabush)
Harvesting and Processing Enhancements	6.5	2013/2013	Various	Ocean Choice International - expenditures on the fishing fleet and five fish processing facilities. (Various)
Industrial Land Development	2.0	2012/2013	19	Baine Johnston Properties Ltd. - development of 30 acres of industrial land off East White Hills Road. Capital cost covers the installation of water/sewer and roads. (St. John's)



## Inventory of Major Capital Projects

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Nickel Processing Facility	US\$4,250.0	2009/2015	18	Vale Newfoundland and Labrador Limited - construction of a nickel processing facility with an annual capacity of 50,000 tonnes of finished nickel. Capital expenditures of US\$1.216 billion expected in 2013. (Long Harbour)
Paper Mill Expenditures	1.9	2013/2013	8	Corner Brook Pulp and Paper Limited - routine capital expenditures. (Corner Brook)
Treatment Plant	NA	2013/2013	15	Marwood Ltd. - set-up of a wood preservation operation with integrated value-added wood product manufacturing capacity. (Jamestown)
<b>Mining and Oil &amp; Gas</b>				
Capital Expenditures	NA	2013/2013	12	Teck Duck Pond Operations - planned expenditures to sustain mining and milling operation and development of the Boundary deposit. (Millertown - Buchans Area)
Direct Shipping Iron Ore Mine (Phase I)	75.0	2010/2013	2	Labrador Iron Mines Holdings Limited - development of an open pit iron ore mining project. Includes construction of the Silver Yards plant and development of the James deposit. Production started mid-2011 with full project ramp-up expected in 2013. (Northwestern Labrador)
Direct-Shipping Mine	5.3	2013/2014	2	Tata Steel Minerals Canada Ltd./New Millennium Capital Corp. - development of the Joan Lake Direct-Shipping Ore project which involves mining of iron ore from six deposits in western Labrador. The iron ore will be processed at facilities in the Elross Lake area. Spending reflects purchase of haul truck and road development. (Northwestern Labrador)
Direct-Shipping Mine	630.0	2011/2014	2	Tata Steel Minerals Canada Ltd. - reopening of former iron ore mines. Includes the construction of a processing plant, rail and camp facilities, and a power plant. Approximately 75% of the project cost will be spent in Newfoundland and Labrador with the remaining slated for Quebec. (Elross Lake Area)
Hebron Oil Development	14,000.0	2008/2024	Offshore	ExxonMobil Canada Properties and co-venturers - development of the Hebron oil field. The Hebron Project, located approximately 340 kilometres offshore, is a joint venture among ExxonMobil Canada Properties, Chevron Canada Limited, Suncor Energy Inc., Statoil Canada Ltd., and Nalcor Energy - Oil and Gas. The Hebron field is estimated by industry to contain approximately 700 million barrels of recoverable reserves. Construction of the gravity-based structure began in 2012 at the Bull Arm fabrication site and commencement of topsides fabrication is anticipated for 2013. Production of oil is expected to begin in 2017. Expenditures cover capital costs to 2024 when the initial drilling program concludes. Production is expected to continue until 2046. (Offshore Newfoundland)
Hibernia Southern Extension Unit	1,700.0	2011/2015	Offshore	ExxonMobil Canada Properties (operator) and Hibernia Southern Extension participants - development to enable the production of oil from the Hibernia Southern Extension Unit. Includes the drilling of production wells from the existing Hibernia GBS; the drilling of subsea water injection wells from a mobile drilling unit; and GBS topsides modifications. (Offshore Newfoundland)
Mine Development	1,273.0	2013/2015	2	Alderon Iron Ore Corp. - the "Kami Project" involves mining and processing iron ore from an open pit operation near Wabush and Labrador City. (Labrador West)

## Inventory of Major Capital Projects

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Mine Expansion (Phase I & II)	828.0	2010/2013	2	Iron Ore Company of Canada - expansion project (Phase I and II) to increase mine production from 18 million tonnes to 23.3 million tonnes of concentrate. Phase I expansion reported to be operational as of August 2012. Phase II construction continues into 2013. (Labrador City)
Mine Reactivation	98.1	2012/2014	16	Newspar - reactivation of an underground fluorspar mine, expansion of the existing mill, construction of a new tailings management facility, and building of a new marine terminal, including a deep-water wharf. Provincial repayable contribution of \$17 million towards construction of the wharf. (St. Lawrence)
Mineral Exploration	213.0	2013/2013	Various	Expenditure estimates prepared by the Department of Natural Resources for mineral exploration and deposit appraisal. Regional breakdown: \$182 million in Labrador and \$31 million for the Island. (Various)
Oil-related Capital Expenditures	254.0	2013/2013	Offshore	Suncor Energy Inc. and partners - development and sustaining capital for the Terra Nova oil field. (Offshore Newfoundland)
South White Rose Extension	1,200.0	2012/2014	NA	Husky Energy - subsea extension of the White Rose development to include the South White Rose Extension satellite field. First oil production is anticipated in late 2014. (Offshore Newfoundland)

### Municipal Infrastructure

2011 Municipal Capital Works Program*	105.9	2011/2015	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)
Building Canada Fund - Communities and Base Component*	249.0	2009/2014	Various	Program to assist municipalities in improving infrastructure. Federal/provincial/municipal cost-shared. Total cost excludes funding for the Recreation Complex in Mount Pearl. (Various)
Federal Gas Tax Program*	144.4	2006/2014	Various	Funding agreement allocating municipalities' revenues from gas taxes. These funds are to be invested in capital projects that result in environmentally sustainable municipal infrastructure. Federal funds. (Various)
Fire Station	5.7	2013/2014	19	City of St. John's - construction of a new 1,260 sq. metre, three-bay fire station to replace a 50+ year old facility. This new facility will provide improved living and working environment for staff as well as improved response times to the service area. To be located on Blackmarsh Road. (St. John's)
Multi-year Municipal Capital Works*	189.1	2008/2014	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)
Municipal Improvements	4.5	2013/2013	12	Town of Grand Falls-Windsor - expansion of an industrial park and upgrading and paving of existing streets. (Grand Falls-Windsor)
Solid Waste Management Strategy*	200.0	2007/2019	Various	This program provides funding to support planning and infrastructure associated with the implementation of the Provincial Waste Management Strategy. Funding is sourced from the federal/provincial gas tax agreement and direct provincial funding. (Various)

## Inventory of Major Capital Projects

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Upgrades and Repairs to Sewage Treatment Facilities	5.5	2011/2013	19	City of St. John's - repairs to the Riverhead Wastewater Treatment Facility related to the lining of the digester tanks. (St. John's)
Water and Sewage Treatment Facilities (Canada Strategic Infrastructure Fund II)*	67.0	2009/2013	8, 3	Two projects, the Corner Brook Water Treatment Facility and the Happy Valley-Goose Bay Sewage Treatment Facility. Federal/provincial/municipal cost-shared. (Corner Brook, Happy Valley-Goose Bay)
Water Transmission Main Replacement Program	34.0	2013/2016	19	City of St. John's - multi-year replacement program to construct new water transmission mains. (St. John's)
<b>Residential</b>				
Affordable Housing Program*	83.1	2003/2014	Various	Newfoundland and Labrador Housing Corporation - the objective of this program is to increase the supply of affordable housing in Newfoundland and Labrador by providing forgivable loans to assist in the creation of new affordable rental housing. Federal/provincial cost-shared on a 50/50 basis. \$8.8 million to be spent in 2013/14. (Various)
Apartment Building	30.0	2013/2015	19	Killam Properties Inc. - construction of an 150-unit apartment building. (St. John's)
Apartment Building	TBD	2013/2013	19	N.D. Dobbin Properties Ltd. - construction of a three-storey, 15-unit rental apartment building for seniors on Empire Avenue. (St. John's)
Apartment Building	20.0	2013/2013	2	Gapco Enterprises - construction of a 108-unit, four-storey apartment building on Booth Avenue. (Labrador City)
Apartment Building	4.5	2012/2013	8	Trueman Developments Ltd. - construction of "West Valley Gardens", a 39-unit apartment building at the corner of West Valley Road and Central Street. (Corner Brook)
Apartment Renovations	5.2	2013/2013	2, 14, 19	Northern Property Real Estate Investment Trust - capital improvements, renovations and upgrades on various apartment buildings. (Labrador City, Gander, St. John's)
Community Development	20.0	2010/2016	19	Canada Lands Company CLC Limited - redevelopment of the Pleasantville area into a residential community with a mix of housing types including single-family dwellings, townhomes, apartments, and condominiums. Opportunities for some commercial space are also being considered. Expenditure figure covers land development costs only. (St. John's)
Community Development	40.0	2013/2013	19	10718 Nfld. Inc. - development of "Glencrest at Southlands". Will include a mix of residential, commercial and industrial lots and cover 2,500 acres of land. Estimated total cost of \$4 billion over the life of the project (2012-2032). KMK Capital Inc. will manage this development. (St. John's)
Condominium Development	18.0	2012/2013	19	Redwood Management Ltd. - construction of a 68,020 sq. ft., four-storey building on Topsail Road containing 52 units plus a parking garage. (St. John's)
Condominium Development	6.5	2012/2014	19	Gibraltar Development Ltd. - construction of a five-storey 28-unit condominium building on Rhodora Street. (St. John's)

## Inventory of Major Capital Projects

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Condominium Development	22.0	2013/2014	19	Manga Hotels Group - development of 85 condominium units at the site of the former Star of Sea Hall on Henry Street. (St. John's)
Condominium Development	25.0 - 30.0	2013/2015	19	Regal Realty Limited - two-phase condominium development in Virginia Park. Will consist of two, five-storey buildings containing 130 units each as well as one free-standing 4,000 sq. ft. building for potential commercial development. (St. John's)
Condominium Development	100.0	2013/2016	19	KMK Capital Inc. - development of Tiffany Condominiums, two 16-storey buildings consisting of a total of 240 residential units as well as a two-level underground parking garage. (St. John's)
Condominium Development	10.0	2013/2015	19	KMK Capital Inc. - development of the Fairway Condominiums; a 40-unit, four-storey building adjacent to the Clovelly Golf Course. (St. John's)
Condominium Development	47.0	2012/2016	19	61902 Newfoundland & Labrador Limited - development of Westfield Condominiums off Captain Whelan Drive. Will consist of construction of 60 buildings with four 1,000 sq. ft. units per building. KMK Capital Inc. is managing this development. (St. John's)
Condominium Development	60.0	2012/2016	19	Rockmount Properties Inc. - construction of the Sundara Condominiums on Blackmarsh Road. Plans include four, three-storey condominium buildings featuring 45 units per building with underground parking. (Mount Pearl)
Condominium Development	11.0	2012/2014	19	342 Duckworth Street Developments LP - residential and commercial redevelopment of the former CBC building on Duckworth Street, to be known as the "Marconi" Building. A total of 47 condominiums will be developed. (St. John's)
Condominium Development	14.0	2008/2015	8	Bayview Estates Inc. - construction of a 50-unit development called "Bayview Condominiums". 34 units completed. Four units to be constructed in 2013. (Corner Brook)
Condominium Development	21.0	2013/2013	19	Belvedere Development Corporation - construction of "The Kingsbury Condominiums," a 44-unit condominium building located on Margarets Place (off Newtown Road). (St. John's)
Condominium Development	18.5	2013/2013	19	Pinnacle Developments Inc. - construction of "The Pinnacle Condominiums," a 53-unit, five-storey condominium building on LeMarchant Road with two levels of underground parking. (St. John's)
Housing Development	NA	2000/2016	19	Cabot Development Corporation Limited - construction of a housing development named "Clovelly Trails" located off Stavanger Drive. In 2013, 105 homes will be constructed as part of Stage 3C and 70 homes will be constructed as part of Stage 4. (St. John's)
Modernization & Improvements*	9.2	2013/2013	Various	Newfoundland and Labrador Housing Corporation - planned improvements to social housing stock. Provincial funds. (Various)



## Inventory of Major Capital Projects

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Parking Garage/ Condominium Development	11.0	2012/2014	19	Duckworth Street Parkade LP/Bell Street Developments LP - construction of two buildings on Duckworth Street and Henry Street known as "Metropark" and "Mirador". The first phase (Metropark) will consist of a 408 stall parking garage available to both condominium owners as well as a selection available to the general public. The second phase (Mirador) will include construction of a five-storey condominium building containing 50 units. Start and end dates shown cover parking garage construction only. (St. John's)
Provincial Home Repair Program*	10.4	2013/2013	Various	Newfoundland and Labrador Housing Corporation - a combination grant/loan program to aid low-income households with home repairs. Includes \$2.0 million of repayable loans. Federal/provincial funds. (Various)
Residential Development	20.0	2013/2015	19	Nolan Hall Real Estate Ltd. - construction of "Harbourside Condominiums and Spa", an 80-unit building on Temperance Street and Battery Road consisting of condominiums and penthouses. The building is five levels over Temperance Street and four levels over Battery Road and has a total area of 7,840 sq. metres. (St. John's)
Residential Development	11.0	2012/2014	19	345-353 Duckworth Street Developments LP - redevelopment of the former Newtel Building on Duckworth Street to be called 'Mix' which will consist of 83 residential condominium units as well as retail space. (St. John's)
Residential Development	12.0	2012/2015	19	Wrightland Development Corporation - development of "McLea Park" off Shaw Street. Will include construction of four townhouses; seven executive building lots; and two units in a converted heritage structure. (St. John's)
Residential Development	3.0	2013/2014	19	Cro-at Developments Inc. - two-phase residential development from an existing building on Hamilton Avenue. Phase I will include the development of nine townhouses. Phase II will include the development of 20 condominium units. Costs are for Phase I only. (St. John's)
Residential Development	8.5	2011/2013	19	Gibraltar Development Ltd. - construction of two, three-storey residential condominium buildings for seniors on Freshwater Road consisting of 55 units as well as two semi-detached dwellings with four units each. (St. John's)
Residential Development	16.5	2013/2016	19	Reardon Construction and Development Ltd. - development of 55 condominium/townhouse style units off Ruby Line. (St. John's)
Roof Replacement*	1.0	2013/2013	19	Newfoundland and Labrador Housing Corporation - roof replacement of several Pleasantville apartment buildings. (St. John's)
Subdivision Development	80.0	2011/2015	19	King William Development Limited - development of the "Virginia Water Village" subdivision. Project is currently in its third phase with 65 houses to be constructed in 2013/2014. (St. John's)
Subdivision Development	1.0	2012/2013	8	Marine Contractors Inc. - land development for the 20-lot "Stratton" subdivision off Massey Drive. (Corner Brook)
Subdivision Development	45.0	2012/2016	19	Wrightland Development Corporation - construction of the 113-lot "Sunset Landing" subdivision. To be developed over four phases. (Conception Bay South)

## Inventory of Major Capital Projects

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Subdivision Development	1.0 - 1.2	2013/2013	19	HJR Holdings Ltd. - estimated 2013 development expenditures for "Lawrence Pond Estates", a 140-lot subdivision on the Conception Bay Highway. (Conception Bay South)
Subdivision Development	4.5	2013/2015	19	Signature Homes Inc. - construction of approximately 15 single-family homes at the extension to Stratton Place in Chamberlains. (Conception Bay South)
Subdivision Development	20.0	2013/2015	19	Nosegard Holdings Ltd. - development of a new residential subdivision featuring 50 single detached homes. To be located north of Coventry Way, off Empire Avenue. (St. John's)
Subdivision Development	4.0	2012/2013	14	Cecon Development Corporation - land and servicing development for phase 1 of the "Eastgate" subdivision located off Cooper Boulevard. This phase will include 123 residential lots. (Gander)
Subdivision Development	25.0	2009/2016	19	Bristol Development Inc. - land development for the 450-lot "Bristolwood" subdivision off Kenmount Road. Approximately 100 lots will be developed this year at a cost of \$4 million. (St. John's)
Subdivision Development	5.0	2013/2014	19	Reardon Construction and Development Ltd. - land development and construction of 12 single-family homes in the "Waterford Hills Park" subdivision on Old Petty Harbour Road. (St. John's)
Subdivision Development	7.5	2011/2013	19	Deer Park Contracting Ltd. - construction of 10 luxury homes on Halliday Place off Elizabeth Avenue. Capital cost estimate by Department of Finance. (St. John's)
Subdivision Development	26.0	2011/2013	19	ERCO Developments Inc. & New Victorian Homes Inc. - completion of the "Southridge" subdivision. (St. John's)
Subdivision Development	50.0	2010/2018	19	ERCO Developments Inc. & New Victorian Homes Inc. - continued development of the "Grand Meadows" subdivision. 40 houses to be constructed in 2013. (Paradise)
Subdivision Development	20.0	2009/2013	19	ERCO Developments Inc. & New Victorian Homes Inc. - completion of the "Ashlin Ridge" subdivision. (St. John's)
Subdivision Development	122.0	2005/2017	19	Octagon Development Corporation - construction of the "Adam's Pond" subdivision consisting of a total of 350 homes. Approximately 30 homes to be constructed in 2013. (Paradise)
Subdivision Development	10.0	2009/2016	19	Donovan Homes Ltd. - land development for the fifth phase of the "Mount Carson Terrace" subdivision off Mount Carson Avenue. Approximately 32 lots will be developed this year at a cost of \$1.2 million. (Mount Pearl)
Subdivision Development	6.5	2013/2013	8	52453 Newfoundland and Labrador Limited - ongoing construction of "Pratt Street Extension" subdivision with 24 units to be constructed this year. (Corner Brook)
Subdivision Development	15.0 - 16.0	2011/2014	19	Karwood Estates Inc. - subdivision to be constructed in Karwood Estates near Neil's Pond Walking Trail. Construction of Phase III will commence this year and consist of 40 houses. (Paradise)

## Inventory of Major Capital Projects

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Subdivision Development	21.7	2013/2014	19	Development of a subdivision that will consist of approximately 200 single homes, named "City View Terrace". Expenditures reflect the cost of the remaining 57 houses to be completed. Triple D Holdings Limited is developing the land. (St. John's)
Townhouse Development	2.5	2013/2013	19	Republic Properties Inc. - construction of six executive townhouses on Southside Road. (St. John's)
Townhouse Development	9.0	2013/2015	19	KMK Capital Inc. - development of 27 townhouse style dwelling units on Mount Cashel Road. (St. John's)
<b>Tourism/Culture/Recreation</b>				
Building Restoration*	23.7	2009/2015	19	Restoration of the Colonial Building and grounds for use as an interpretation centre, featuring the political history of Newfoundland and Labrador. Will include office space for government staff and provincial heritage organizations. Current work will address the interior structural building systems. Projected expenditure of \$9.5 million for the 2013/14 fiscal year. Federal/provincial cost-shared. (St. John's)
Church	3.0	2012/2013	19	St. Michael and All Angels Anglican Church - construction of a church on the corner of Ladysmith Drive and Kiwanis Street. (St. John's)
Convention Centre Expansion*	64.0	2013/2015	19	City of St. John's - expansion of the current convention centre to increase capacity and allow the hosting of much larger conventions. Partial provincial and federal funding. (St. John's)
Cultural Centre*	13.4	2013/2014	1	Nunatsiavut Government - construction of the new Torngasok Cultural Centre. Partial federal funds. (Nain)
Hotel	17.0	2012/2013	19	Manga Hotels Group - construction of a Hampton Inn and Suites on Stavanger Drive featuring 129 rooms and 2,500 sq. ft. of meeting room space contained within five storeys. (St. John's)
Hotel	25.0	2013/2014	19	Manga Hotels Group - construction of a Hilton Garden Inn with 155 guest rooms and 5,000 sq. ft. of conference facilities located at New Gower Street/Springdale Street/Pleasant Street. (St. John's)
Hotel	14.0	2012/2014	19	Steele Hotels Limited - construction of a 90-room hotel with on-site meeting space and a restaurant between Water Street and George Street West. (St. John's)
Hotel	TBD	2013/2015	19	Northland Properties Corporation - construction of a 200-room Sandman Signature Hotel with convention centre (meeting and banquet rooms), swimming pool, two attached restaurants plus another stand-alone restaurant and parking for approximately 360 vehicles. To be located at 227-245 Kenmount Road. (St. John's)
Hotel	10.0	2013/2015	19	Monarch Development Inc. - construction of a three-storey, 110-room hotel on International Place. (St. John's)
Hotel	35.0	2013/2015	19	Southwest Properties Ltd. - construction of a 150-room hotel and two-level parking garage located at 123 Water Street. (St. John's)
Hotel/Condominium	20.0	2013/2015	19	Republic Properties Inc. - construction of an extended stay 25-room boutique hotel on Duckworth Street with retail space and a residential condominium with parking garage. (St. John's)

## Inventory of Major Capital Projects

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Movie Theatre	NA	2012/2014	19	Empire Theatres Limited - construction of a new eight-screen theatre complex in the Field Power Centre on Torbay Road. (St. John's)
Movie Theatre Renovation	NA	2012/2013	19	Empire Theatres Limited - renovation of the existing theatre located in the Avalon Mall. Renovations will feature one-stop concessions area for tickets and treats, new auditorium seating, updated lobby with lounge seating and box office/guest services. (St. John's)
Pool Upgrade	1.5	2013/2014	19	City of St. John's - upgrades to the Bannerman Park Pool House. Will include construction of fully accessible washrooms and change rooms, a space designed to enhance community use in the park and the installation of a new filtration system. (St. John's)
Recreation Complex	47.0	2009/2014	19	City of Mount Pearl - construction of the Pearlgate Recreation Multiplex. A national standard ice pad adjoining the Glacier Arena has already been constructed. An expansion to the existing Reid Centre to accommodate a 60,000 sq. ft. facility that will house a 25,000 sq. ft. aquatics complex, a fitness centre with indoor walking track, weight training room, fitness program spaces, multi-purpose room and retail space. Municipal funding of \$35.7 million with the remainder cost-shared between the provincial and federal governments. (Mount Pearl)
Recreational Infrastructure Program*	111.5	2011/2015	Various	Construction of recreational facilities across the province including ice arenas in Makkovik, Harbour Grace, Paradise and Conception Bay South; community multi-purpose buildings in Hopedale and Pasadena; and pool facilities in Marystown and Lewisporte. Provincial contribution of \$73.1 million. (Various)
Resort Renovation and Expansion	10.0	2009/2016	15	Terra Nova Resort & Golf Community - conversion of existing Terra Nova Resort hotel rooms into suites and the construction of several condominiums, a recreation centre, indoor pool and an RV park. (Port Blandford)
Sealers Memorial	1.6	2011/2014	15	Elliston Heritage Foundation Inc. - construction of a Sealers Memorial and educational Interpretation Centre to acknowledge and commemorate victims of the 1914 Sealing Disasters as well as the seal fishery's contribution to the economy and social fabric of Newfoundland and Labrador. Partial federal, provincial and municipal funding. (Elliston)

### Transportation

Bridge Replacement*	49.4	2013/2015	18	Replacement of the Sir Ambrose Shea Lift Bridge. Federal and provincial funds. (Placentia)
Bus Replacement	15.0	2012/2017	19	City of St. John's - replacement of 30 buses in the Metrobus fleet. (St. John's)
Conception Bay South Bypass Extension*	26.3	2010/2013	19	Construction of bypass road extension. Funded between the federal and provincial governments. (Conception Bay South)
Ferry Service Improvements*	31.0	2013/2013	10, 18	Marine Atlantic Inc. - funding allocated to renew fleet and shore facilities and improve the ferry service linking the Island of Newfoundland and Nova Scotia. Federal funds. (Channel-Port aux Basques, Argentina)
Highway Extension*	50.4	2010/2014	19	Construction of the Team Gushue Highway Extension. Federal/provincial cost-shared. (St. John's)



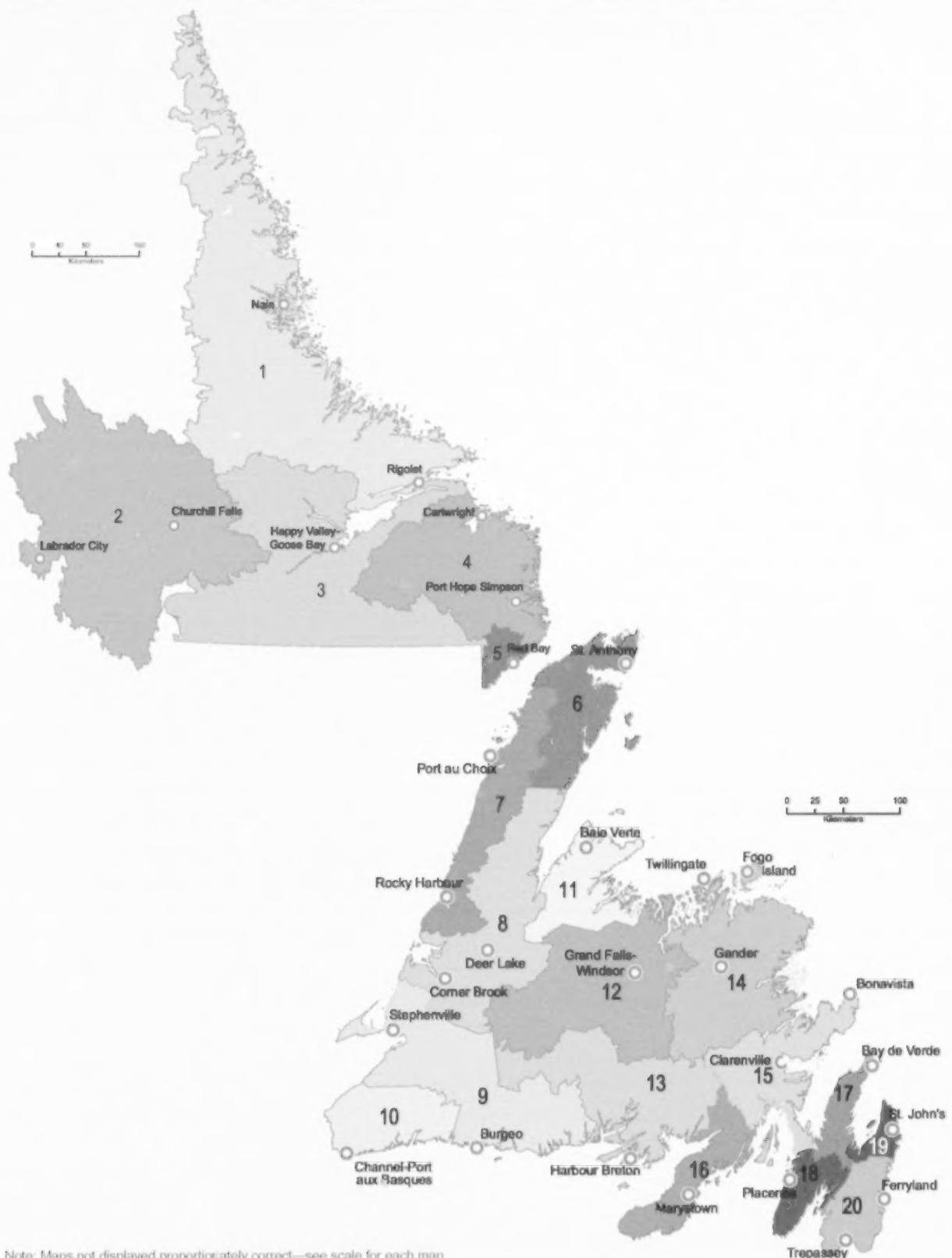
## Inventory of Major Capital Projects

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Marine Infrastructure*	5.0	2013/2013	Various	Includes ongoing maintenance of existing wharves and terminals as well as capital investment in new construction and improvements. Provincial funds. (Various)
National Highway Systems Projects*	112.0	2010/2013	Various	Program to allow improvements to roads on the National Highway System, primarily on the Trans Canada Highway. Funded under the Core National Highway component of the Building Canada Fund. Federal/provincial cost-shared. (Various)
Port Expansion*	5.0	2013/2013	8	Corner Brook Port Corporation – preparation of port lay down space to support transshipment and industrial activities. Partial federal/provincial funds. (Corner Brook)
Provincial Roads Improvement Program*	59.0	2013/2013	Various	Includes secondary road improvement projects in various parts of the province. Provincial funds. (Various)
Salt Storage Sheds*	1.4	2013/2013	Various	Construction of road salt storage sheds. Provincial funds. (Various)
Trans Labrador Highway Phase I Surfacing*	304.6	2007/2014	2, 3	Application of hard surface on Phase I of Trans Labrador Highway from Happy Valley-Goose Bay to Wabush. Funding for this project is split between federal and provincial governments to a maximum of \$50.0 million in federal contribution. (Various)
Trans Labrador Highway Widening and Hard Surfacing*	225.0	2013/2018	3, 4, 5	Widening and hard surfacing of Phase II and III of Trans Labrador Highway between Red Bay and Happy Valley-Goose Bay. Federal/provincial cost-shared. (Various)
Vessel Refits*	20.7	2013/2013	Various	Refits of the existing fleet of nine government-owned vessels. Provincial funds. (Various)
Vessel Replacement Program*	50.3	2013/2013	Various	2013/14 cash flow for vessel replacement program. Provincial funds. (Various)
Waterdrome Expansion*	2.1	2013/2014	3	Goose Bay Airport Corporation - development of water supply service and expansion to the mole frontage (area for float planes to dock and load) at the Otter Creek Waterdrome. Partial federal/provincial funds. (Happy Valley-Goose Bay)
Wharf and Laydown Area	1.8	2013/2013	5	Bay Bulls Properties Ltd. - construction of a loading wharf and laydown area for the shipment of rock from a nearby quarry. Will also involve the development of approximately seven hectares of land and upgrading and extension of a partially developed road. (Forteau)
Wharf Replacement	3.0 - 4.0	2013/2013	19	St. John's Port Authority - replacement of the existing wharf structure (Pier 20) located on the south side of the St. John's harbour. The new wharf structure will measure 160 metres long. (St. John's)
<b>Utilities</b>				
Electric Utility Capital Expenditures	50.5	2013/2013	2	Churchill Falls (Labrador) Corporation - capital expenditures for improvements and upgrades. (Churchill Falls)
Electric Utility Capital Program	80.8	2013/2013	Various	Newfoundland Power Inc. - includes capital expenditures to further upgrade and enhance electricity system. (Various)

## Inventory of Major Capital Projects

Project	Capital Cost (\$M)	Start/End	Zone	Comments (Location)
Electric Utility Capital Program	86.5	2013/2013	Various	Newfoundland and Labrador Hydro - capital programs that include upgrades and improvements to transmission lines, distribution systems, generating facilities and electricity grid components. (Various)
Lower Churchill Project - Phase I (Muskrat Falls)	6,200.0	2012/2017	Various	Nalcor Energy - development of the Muskrat Falls Hydroelectric Generation Facility and associated transmission assets in Newfoundland and Labrador between Muskrat Falls and Churchill Falls and Muskrat Falls and Soldiers Pond. The Newfoundland and Labrador portion of the project entails construction of an 824 megawatt hydroelectric generating facility at Muskrat Falls on the lower Churchill River and over 1,500 kilometres of associated transmission line and related infrastructure. Emera Inc. of Nova Scotia will build the Maritime Link connecting the island of Newfoundland to Cape Breton, Nova Scotia. The capital cost of Emera's Maritime Link is \$1.52 billion. (Various)
<b>Other Investment</b>				
Building Redevelopment*	57.5	2008/2015	19	Royal Newfoundland Constabulary - redevelopment of RNC Headquarters at Fort Townsend. The work will include upgrades to the headquarters building and the annex; conversion of the gymnasium into four floors of office space; expansion of the headquarter entrance and foyer; and completion of the underground link between the annex and main building. Projected expenditure for the 2013/14 fiscal year is \$13.7 million. Provincial funds. (St. John's)
Capital Program*	35.0	2012/2016	Various	Royal Canadian Mounted Police - replacement and retrofitting of detachments and living quarters. Provincial/federal cost-shared on a 70/30 basis. (Various)
Environmental Remediation and Risk Management*	209.7	2009/2020	3	Department of National Defence - environmental remediation and risk management activities to be carried out through 10 sub-projects at 5 Wing Goose Bay. Projected expenditure of \$16.3M for the 2013/14 fiscal year. (Happy Valley-Goose Bay)
Lifeboat Station*	5.0	2013/2015	16	Fisheries & Oceans Canada/Canadian Coast Guard - construction of a new Canadian Coast Guard Search and Rescue Lifeboat Station. This new station will include construction of a wharf, operations building with living quarters and storage facility. Federal funds. (Burin)
Multi-Purpose Facility*	118.0	2010/2014	19	Government of Canada - construction of a new facility to replace current military units in Pleasantville. Facility will be comprised of operational training space, offices and classrooms, special medical and dental facilities, warehouse and vehicle maintenance space. Federal funds. (St. John's)
Public Buildings*	42.3	2013/2013	Various	Maintenance and development of public buildings. Provincial funds. (Various)
Rural Broadband Initiative*	3.0	2013/2013	Various	Construction of infrastructure related to the delivery of Broadband Internet in rural communities through a partnership with Bell Aliant, Eastlink, EION Inc. and Great Northern Wireless. Partial provincial funding. (Various)

# Economic Zone Map



Note: Maps not displayed proportionately correct—see scale for each map

## Gross Domestic Product (GDP) and Employment by Industry

	GDP 2011p		Employment 2012	
	\$ Millions	% of Total	Person Years 000s	% of Total
<b>Goods-Producing Sector</b>	<b>17,621.0</b>	<b>55.6%</b>	<b>50.1</b>	<b>21.7%</b>
Agriculture.....	76.5	0.2%	1.6	0.7%
Forestry & Logging .....	133.5	0.4%	0.7	0.3%
Fishing, Hunting & Trapping.....	217.9	0.7%	3.6	1.6%
Mining .....	3,300.0	10.4%	3.3	1.4%
Oil Extraction and Support Activities .....	10,350.0	32.7%	6.9	3.0%
Manufacturing.....	1,000.4	3.2%	11.3	4.9%
Fish Products.....	329.1	1.0%	4.0	1.7%
Other.....	671.2	2.1%	7.3	3.2%
Construction .....	1,667.6	5.9%	19.8	8.6%
Utilities .....	675.1	2.1%	2.9	1.3%
<b>Services-Producing Sector</b>	<b>14,062.0</b>	<b>44.4%</b>	<b>180.4</b>	<b>78.3%</b>
Wholesale Trade.....	713.9	2.3%	4.4	1.9%
Retail Trade .....	1,362.5	4.3%	30.5	13.2%
Transportation and Warehousing.....	819.1	2.6%	10.9	4.7%
Finance, Insurance, Real Estate & Business Support Services	3,427.2	10.8%	16.1	7.0%
Professional, Scientific, & Technical Services .....	780.6	2.5%	9.7	4.2%
Educational Services .....	1,353.0	4.3%	18.6	8.1%
Health Care & Social Assistance .....	2,023.1	6.4%	36.7	15.9%
Information, Culture & Recreation.....	737.9	2.3%	7.3	3.2%
Accommodation & Food Services .....	449.0	1.4%	13.7	5.9%
Public Administration .....	1,877.2	5.9%	18.8	8.2%
Other Services.....	518.5	1.6%	13.6	5.9%
<b>Total, All Industries</b>	<b>31,683.0</b>	<b>100.0%</b>	<b>230.5</b>	<b>100.0%</b>

Note: GDP is expressed at basic prices, measuring payments made to the owners of factor inputs in production. This differs from GDP at market prices. The difference is attributable to taxes less subsidies on products. Industry components may not sum to total due to independent rounding.

2011 is the latest data available for GDP by industry.

Source: Statistics Canada; Department of Finance